



Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee

Report on the examination of the
Estimates of Expenditure 2012-2013

July 2012

Finance Committee

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 1 February 2012, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2012. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 5 to 9 March 2012 to examine the Estimates. The purpose of these special meetings is to ensure that the Administration is seeking a provision no more than necessary for the execution of the policies of the Government for 2012-2013.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates and a total of 3 491 written questions were received and forwarded to the Administration for replies. The Administration undertook to provide replies to at least the first 3 300 before the special meetings and to the remaining questions before the third Budget meeting of 28 March 2012. In this connection, a total of 3 384 replies were provided before the special meetings and the remaining 107 questions were provided before the third Budget meeting. Both the printed and electronic copies of the written replies by the Controlling Officers were forwarded to members upon receipt by the Secretariat. Members of the public can also access the replies at the Council's website.

1.4 Each session of the special meetings from 5 to 9 March 2012 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. A set of the record of the proceedings of the 20 sessions is given in Chapters II to XXI. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings, while broad policy issues raised during

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the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 114 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members prior to resumption of the Second Reading debate on the Appropriation Bill 2012 on 21 and 22 March 2012. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

1.6 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of Directors of Bureaux, the Secretary for Justice and the Judiciary Administrator at the special meetings are contained in **Appendix IV**.

1.7 This report, published in both Chinese and English, is presented to the Legislative Council on 11 July 2012 in accordance with Paragraph 53 of the Finance Committee Procedure.

Chapter II : Environment

2.1 At the invitation of the Chairman, Mr Edward YAU, Secretary for the Environment (SEN), briefed members on the financial provisions and the main initiatives of the programmes under the Policy Area: Environment for the 2012-2013 financial year (Appendix IV-1).

Solid waste management

2.2 Noting that about \$20.61 million would be earmarked in 2012-2013 to further promote the Programme on Source Separation of Waste, and to encourage community participation in waste separation, recovery and recycling, Mr CHAN Kin-por asked whether the provision was adequate and sought details of the publicity and promotional programmes. Deputy Director of Environmental Protection(2) (DDEP(2)) said that apart from publicity and education programmes (such as workshops, forums, exhibitions, etc.), the funding would also be used to set up a wider community recycling network across the territory in collaboration with District Councils, property management companies, local resident groups, schools, green groups and social service organizations for promoting waste reduction and recovery of recyclables.

2.3 Mr CHAN Hak-kan noted that while the total quantity of domestic waste received at the three strategic landfills had reduced from 2.2 million tonnes in 2009 to 2.18 million tonnes in 2011, the total quantity of commercial and industrial (C&I) waste received had increased from 1.08 million tonnes to 1.10 million tonnes over the same period. He enquired about the measures taken/to be taken to curb the rise in C&I waste resulting from increased economic activities. Permanent Secretary for the Environment (PS(Env)) said that much had been done to promote reduction, source separation and recycling of waste. Continued efforts were being made to encourage reduction of C&I waste through measures such as trial schemes on recycling of food waste and formulation of guidelines to reduce food waste in collaboration with the catering industry. Meanwhile, the Administration was consulting the public on municipal solid waste (MSW) charging to provide economic incentives to reduce waste.

2.4 Noting that food waste was a major source of nuisance, Mr CHAN Hak-kan enquired about the progress of the trials on recycling of food waste. Mr Tommy CHEUNG declared that he was planning to invest in the recycling of food waste. Given that biogas (which was a renewable energy) would be generated during the treatment of food waste, the organic

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waste treatment facilities (OWTF) should best be located near the gas supply network for collection and reuse of the biogas. However, OWTF at Tuen Mun and North Lantau could not take advantage of the biogas given the site constraints. To this end, consideration should be given to developing OWTF in the vicinity of landfills where existing connection to gas supply was available for the collection of landfill gas. While supporting the introduction of tipping fees to incentivize waste reduction and recycling, he was not prepared to support MSW charging unless the fees were offset by a corresponding decrease in rates to avoid double charging. PS(Env) said that one of the key objectives of Producer Responsibility Schemes was to create economic incentives to encourage waste reduction and recycling. Subject to the outcome of the public consultation exercise, the Administration would decide on the way forward on MSW charging. It was worth noting that there had been a considerable decrease in construction and demolition waste since the implementation of the respective charging scheme.

2.5 Noting that 40% of the total design capacity of the three strategic landfills had yet to be filled, Mr CHAN Hak-kan enquired about the basis upon which the estimate that the three landfills would be exhausted by mid to late 2010s was arrived at. He queried the urgency for landfill extension and development of obnoxious waste treatment facilities (including incinerators). PS(Env) said that among the three landfills which would reach their capacity in the years to come, the South East New Territories Landfill would be exhausted by 2014. There was a need to plan ahead on the management and treatment of waste.

2.6 Ms Audrey EU noted that at the Environment Policy Forum held last week, the three candidates for the Chief Executive (CE) post had expressed different views on the need for waste incineration. She asked if the Administration would review the policy on waste incineration, including the Sludge Treatment Facility (STF) to be commissioned in 2013. Mr KAM Nai-wai expressed doubt if the existing waste management strategy would still have the support of the next term Government. He opined that the Administration might have to adjust the policy on waste incineration policy in the light of the outcome of CE election on 25 March 2012, taking into account the stance of the CE elected. SEN said that a three-pronged approach was adopted under the current waste management strategy, namely reduction, recycling and introduction of modern waste treatment facilities, the latter included the STF at Tuen Mun.

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In fact, funding for STF had already been approved to provide a dedicated and sustainable outlet treatment of sludge generated from the Harbour Area Treatment Scheme. He stressed that even with the implementation of various measures on waste reduction, there was still a substantial amount of waste that could not be recovered which required treatment. The disposal of waste at landfills would not be sustainable in the long run let alone the landfill capacity would be exhausted soon. The introduction of modern treatment facilities would be required. It was worth noting that the Panel on Environmental Affairs would discuss waste management at its meeting on 26 March 2012. These policy initiatives, together with extension of landfills and introduction on modern treatment facilities, were essential elements in the Administration's holistic plan in ensuring proper MSW management.

2.7 Professor Patrick LAU opined that there should be different collection arrangements for different types of recyclable waste. Consideration should be given to retrofitting refuse collection vehicles with separate compartments for different types of recyclable waste to facilitate recycling. PS(Env) said that under the Source Separation of Waste Programme, three-coloured waste separation bins were placed in about 80% of housing estates to facilitate collection by recyclers of recyclables which were separated at source. SEN added that about 60% of C&I waste had been recycled under separation of waste at source which was also a common practice adopted in most cities.

Improving air quality

2.8 While acknowledging that the ambient concentration of respirable suspended particulates (RSP) had dropped by 17% between 2006 and 2010, Mr KAM Nai-wai noted that the concentration was based on particulate matters of 10 microns. As the 14 air quality monitoring stations would start monitoring particulate matters smaller than 2.5 microns (PM2.5) soon, he enquired about the timeframe for release of the monitoring results on PM2.5 concentration given the public concern on its health impact. SEN said that the decreasing trend in concentration of RSP also applied to PM2.5 which comprised about 75% of the total concentration of RSP. Notwithstanding, the Administration would release the monitoring data on PM2.5 as soon as practicable. Deputy Director of Environmental Protection (3) (DDEP(3)) added that the ambient concentration of PM2.5 was found to have dropped by 26% between 2005 and 2010. It was hoped that the monitoring results

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on PM_{2.5} would be made available in early 2012. He also took the opportunity to clarify some allegations that Hong Kong had a higher concentration of PM_{2.5} than most Mainland cities according to satellite data. He pointed out that concentration of PM_{2.5} as measured by the method quoted in the concerned report could be affected by many factors, including humidity and other weather conditions, and was thus subject to measurement error.

2.9 Dr PAN Pey-chyou expressed concern that the roadside concentration of nitrogen dioxide (NO₂) had increased by 22% between 2006 and 2010. Given the adverse impacts of NO₂ emissions on health, he enquired if the Administration had conducted studies to ascertain the sources of NO₂ emissions. SEN explained that the power sector and transport sector were the main sources of NO₂ emissions. With the increased share of liquefied natural gas in the fuel mix for power generation, the amount of NO₂ emissions from the power sector had been reduced. As regards the transport sector, poorly maintained petrol and liquefied petroleum gas (LPG) vehicles constituted a major source of roadside air pollution. DDEP(3) added that emissions from petrol and LPG vehicles, particularly LPG taxis and light buses, accounted for over 40% of vehicular NO₂ emissions at busy traffic corridors. Another 40% vehicular NO₂ emissions were from franchised buses. To reduce roadside air pollution, a trial on retrofitting of selective catalytic reduction devices would be conducted on Euro II and Euro III buses with a view to reducing 60% of their NO₂ emissions. The Administration had also proposed to use roadside remote sensing equipment to screen out petrol and LPG vehicles with excessive emissions. The owners of such vehicles would be required to take corrective actions. To facilitate vehicle owners in adapting to the more stringent emissions control, the Administration would seek approval from the Finance Committee for the allocation of \$150 million to replace catalytic converters and associated components of the existing 18 000 LPG taxis and 3 000 LPG light buses in Hong Kong.

2.10 Apart from poorly maintained local petrol and LPG vehicles, Dr PAN Pey-chyou opined that the increased number of cross-border Mainland vehicles travelling to Hong Kong could be another source of roadside pollution. He enquired whether the roadside remote sensing equipment to be introduced could screen out cross-border Mainland vehicles which emitted excessively, and the corrective actions to be taken against these vehicles. DDEP(3) said that cross-border vehicles registered in Hong

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Kong would be subject to annual inspection prior to renewal of licence. As the roadside remote sensing equipment could only screen out petrol and LPG vehicles with excessive emissions, it was not applicable to cross-border vehicles from the Mainland which were mostly heavy diesel vehicles. Notwithstanding, excessive emissions from diesel vehicles would be caught under the Smoky Vehicles Control Programme.

2.11 Mr WONG Kwok-hing noted that LPG taxi and light bus drivers had staged a protest last week against the 25% increase in auto LPG prices at dedicated LPG filling stations this year. Given that the intention of waiving the land premium of dedicated LPG filling stations at the start of the LPG vehicle programme was to keep the auto LPG prices at a competitive level, the hefty increase in auto LPG prices by operators had indeed deviated from the original intention. The surge in auto LPG prices had increased the financial burden on the transport trades, particularly on LPG taxi drivers whose net income had been reduced to below the statutory minimum wage level. He enquired if the Administration would accede to LPG taxi drivers' request to include a fuel surcharge in taxi fare to offset the increase in auto LPG prices.

2.12 While acknowledging LPG taxi drivers' concerns, SEN said that the auto LPG prices were subject to fluctuation in international price level of LPG. Besides, the adjustment of taxi fare fell under the remit of the Transport and Housing Bureau (THB). Director of Electrical and Mechanical Services added that the average contract price of LPG in the international market in December 2011 and February 2012 were about US\$800 and US\$1,000 per tonne respectively, representing an increase of 25%. Dedicated station operators were required to submit for approval by the Electrical and Mechanical Services Department each month the LPG ceiling prices of the following month set according to the pricing formula in the contract, and observed the approved ceiling prices when setting the LPG prices of their dedicated filling stations. As the predicaments of LPG taxi and light bus trades were originated from the LPG vehicle programme rolled out by the Administration, Mr WONG Kwok-hing considered it necessary for the Environment Bureau to work together with THB to resolve the problems. He urged the Environment Bureau and THB to meet with the LPG taxi and light bus trades as soon as practicable.

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2.13 Mr CHAN Kin-por noted that there were more than 370 standard chargers for electric vehicles (EVs) in Hong Kong, and the number was expected to increase to about 1 000 by mid 2012. However, there were only 224 EVs in Hong Kong as at 2011. Given the limited number of EVs in use by Government departments, there was a need for the Administration to take the lead in promoting the use of EVs. Apart from the 75 EVs purchased by the Administration (including 33 vehicles already in use and 42 pending delivery), he enquired if there were plans to procure more EVs for the Government fleet. SEN said that the Administration was committed to promoting the use of EVs. In fact, it was the largest user of EVs in Hong Kong. The EVs already in use were distributed among Government departments, including the Environmental Protection Department which had been allocated two EVs. As the use of EVs would hinge on the availability of charging facilities, a sufficient number of standard EV chargers would need to be installed. It was expected that some 1 000 standard EV chargers would be available for public use by mid 2012, of which 500 would be installed in Government public car parks.

2.14 Mr WONG Yung-kan enquired if the Administration was prepared to provide incentives to encourage fishermen to replace their fishing vessels with more environment-friendly models. SEN said that the Administration had taken various initiatives to control emissions from marine vessels, including the use of cleaner fuels.

Nature conservation

2.15 Miss Tanya CHAN stressed the need for inter-departmental efforts to protect country park enclaves from large-scale destructive activities. She was disappointed that only 12 staff members from the Agriculture, Fisheries and Conservation Department (AFCD) were deployed to patrol these areas. She enquired about the timeframe for the review of the Country Parks Ordinance (Cap. 208). Director of Agriculture, Fisheries and Conservation clarified that over 900 AFCD staff were involved in patrol and enforcement relating to country parks and enclaves. There were currently 77 country park enclaves, of which 23 had already been covered by Outline Zoning Plans under the Town Planning Ordinance (Cap. 131) (TPO). Since August 2010, 17 out of the 54 remaining enclaves had been covered by draft Development Permission Area plans gazetted under TPO. Actions would be taken to protect the remaining 37 enclaves in accordance with TPO or the Country Parks Ordinance. Priority would be accorded to the protection of

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Sai Wan in view of wide public concern. At the briefing on the proposed course of actions to be taken to protect Sai Wan for the Sai Kung District Council and village representatives, there were strong objections against the inclusion of the Sai Wan enclave as a country park area. The Sai Kung District Council had set up a working group on the Sai Wan case with a view to identifying a solution which would best meet the interests of all concerned parties.

2.16 Mr WONG Yung-kan enquired if the Administration had conducted research studies on conservation of the marine environment, and the measures to restore the marine ecology following the ban on trawling activities to be introduced later this year. Director of Agriculture, Fisheries and Conservation said that AFCD and local tertiary institutions had all along been monitoring the marine ecology. Measures, including the ban on trawling activities and the setting up of artificial reefs, had been taken to restore the marine ecology. It was hoped that these restorative measures would bring improvement to the marine ecology and enrichment of fishery resources. Meanwhile, continued efforts would be made to protect the marine environment.

Chapter III : Civil Service

3.1 At the invitation of the Chairman, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed members on the civil service establishment and the financial provisions related to the central management of the civil service (Appendix IV – 2).

Provision of paternity leave to government employees

3.2 Mr WONG Kwok-hing noted from the Administration's reply to a Member's question that the financial and staffing implications to provide paid paternity leave to eligible male government employees would be insignificant. He enquired if the initiative could be implemented from 1 April 2012.

3.3 SCS responded that the Administration planned to launch the initiative within the second quarter of 2012 and was at the final stage of finalizing the details of the initiative. She advised that as it was necessary to amend the Civil Service Regulations and to set out the arrangements in the Civil Service Bureau Circulars, it might not be possible to implement the initiative on 1 April 2012. Nevertheless, she aimed to announce the implementation details by end of March 2012.

Provision of civil service medical and dental benefits for non-civil service contract staff

3.4 Dr PAN Pey-chyou said that as the terms of employment for non-civil service contract (NCSC) staff were generally much less favourable as compared to those for civil servants, some departments such as Hongkong Post had experienced difficulties in retaining NCSC staff. He enquired whether consideration would be given to extending the provision of civil service medical and dental benefits to NCSC staff.

3.5 SCS said that unlike civil servants employed to meet long-term service needs, NCSC staff were engaged to meet seasonal or time-limited service needs. As such, it was inappropriate to compare the terms of employment and conditions of service of NCSC staff with those of civil servants. The employment terms for NCSC staff were determined having regard to the remuneration package of comparable private sector jobs. As NCSC staff were remunerated on the basis of an all-inclusive pay package, no medical and dental benefits would be provided to them separately. At the present stage, the Administration had no plan to review this arrangement.

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Reimbursement of medical expenses to civil service eligible persons

3.6 Ms LI Fung-ying said that some civil servants alleged that the Administration was discouraging them from claiming reimbursement of medical expenses by making the reimbursement procedures unnecessarily complicated and asking the Hospital Authority (HA) to classify certain drugs as patient self-financed items in order to save cost.

3.7 SCS clarified that under the existing policy, civil service eligible persons could claim reimbursement of expenses on drugs, equipment or treatment services which formed an essential part of the medical treatment as prescribed by attending doctors that were either chargeable by HA or not available from HA. The Administration had never intervened with the professional decisions of attending HA doctors in prescribing treatment to patients. As requested by Ms LI Fung-ying, SCS agreed to provide a written reply on whether the financial provision for "payment and reimbursement of medical fees and hospital charges" in 2011-2012 and 2012-2013 could be further broken down into provision for "payment and reimbursement of medical fees" and provision for "payment and reimbursement of hospital charges".

Appointment of the Commissioner of the Independent Commission Against Corruption

3.8 Mr James TO said that he learnt that a complaint had been lodged with the Independent Commission Against Corruption (ICAC) against the Chief Executive (CE) in relation to his acceptance of hospitality, and the complainant had received a reply from ICAC confirming that a preliminary investigation was being conducted. He expressed concern that there might be a conflict of role in that under the Basic Law, it was CE who made the nomination for the appointment of Commissioner of ICAC by the Central People's Government, and that under the Independent Commission Against Corruption Ordinance (Cap. 204), it was CE who appointed Deputy Commissioner of ICAC who was in charge of the Operations Department. He enquired if SCS had a role to play in the appointment of Commissioner of ICAC, and whether the appointment mechanism currently in place could ensure that the complaint against CE would be handled independently and impartially by ICAC.

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3.9 SCS advised that as both the posts of Commissioner and Deputy Commissioner of ICAC were not part of the civil service establishment, she played no role in their appointment. In response to Mr James TO's further enquiry, the Chairman advised that matters relating to the appointment of Commissioner of ICAC could be raised at the relevant session of the special Finance committee meeting later.

Acceptance of advantages and entertainment by civil servants

3.10 Mr KAM Nai-wai noted that the Acceptance of Advantages (Chief Executive's Permission) Notice 2010 (AAN) had been promulgated to give general permission for prescribed officers to accept advantages that fall outside the four restricted categories (i.e. gift, discount, loan of money and passage). Referring to recent media reports about CE's acceptance of hospitality offered by his friends, Mr KAM expressed concern about the possible adverse impacts on the morale of civil servants. He asked whether the Civil Service Bureau (CSB) had recently received any enquiry from civil servants pertaining to the handling of conflicts of interest.

3.11 SCS advised that the Government had adopted a three-pronged approach to promote good conduct within the civil service, namely prevention, education and sanction. Rules and guidelines governing the conduct of a civil servant were promulgated by way of Civil Service Regulations and Circulars for compliance by individual officers. Training programmes and seminars were also arranged for civil servants at different levels to promote an honest and clean civil service. Disciplinary action would be taken against civil servants found to have committed misconduct, in accordance with the established civil service disciplinary mechanism.

3.12 SCS further said that CSB had received some media enquiries and questions from staff members about the acceptance of advantages and entertainment by civil servants. She agreed to provide information on enquiries received from civil servants in the recent weeks and relevant circulars issued by the Government on acceptance of advantages and entertainment by civil servants.

3.13 In response to Mr James TO's enquiries, SCS advised that both section 3 of the Prevention of Bribery Ordinance (Cap. 201) and the Acceptance of Advantage (Chief Executive's Permission) Notice 2010 were not applicable to CE. CE had already set up an Independent Review

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Committee for the Prevention and Handling of Potential Conflicts of Interests (IRC), chaired by Hon Andrew LI, former Chief Justice of the Court of Final Appeal, to review the existing regulatory frameworks and procedures for the prevention and handling of potential conflicts of interests concerning CE, Non-official Members of the Executive Council and Officials under the Political Appointment System, and make recommendations on improvement measures. SCS added that a secretariat comprising civil servants had been set up to provide administrative support to IRC. CSB would also provide relevant information concerning the civil service system to IRC upon request. As requested by Mr TO, SCS undertook to clarify if a civil servant had a duty to report to the authority on suspected criminal offences or misconduct committed by his/her supervisor.

Conduct of disciplinary hearings

3.14 Dr Margaret NG declared that she had represented certain police officers in disciplinary proceedings against them. She enquired if there was an increase in the financial provisions for the conduct of disciplinary proceedings after the Court of Final Appeal's ruling that the blanket restriction on professional legal representation in police disciplinary proceedings was unconstitutional, null, void and of no effect.

3.15 In response, SCS said that she would provide the information after the meeting.

Use of official languages

3.16 Dr Margaret NG commented that there had been a drop in the quality of both the English and Chinese languages in the documents published by the Administration recently. She enquired if the Official Languages Division (OLD) under CSB had sufficient manpower to proactively vet the languages used in official documents.

3.17 SCS responded that OLD was tasked to monitor the use of the official languages within the Government, such as setting guidelines for the use of the official languages, compiling glossaries and language reference materials, and producing writing aids for civil servants. It also provided draft-vetting services for senior government officials. Continuous efforts were being made to further enhance the language standards of civil servants. Dr NG requested the Administration to provide an organization chart and the

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establishment of OLD, showing the qualifications of the highest-rank officer. SCS agreed.

Employment of people with disabilities in the civil service

3.18 Mr WONG Kwok-hing urged the Administration to take the lead in employing more people with disabilities (PWDs) in the civil service. He proposed that the Government adopt a policy of PWDs constituting a certain percentage, say 5%, of the civil service establishment, to promote their employment opportunities and help them integrate into the community.

3.19 SCS advised that the Government's recruitment policy was to appoint the most suitable persons to fill civil service vacancies through open and fair competition. However, the Government, as an employer, was dedicated to placing PWDs in suitable jobs whenever possible. Applicants with disabilities who met the basic entry requirements for a post would not be subject to any further shortlisting criteria and would be automatically invited to attend a selection interview.

3.20 On the suggestion of employing a fixed ratio of PWDs in the civil service, SCS pointed out that the International Labour Organization did not encourage the imposition of a mandatory quota for employment of PWDs. The existing recruitment policy was working well and the Administration did not consider it desirable to impose any prescribed ratio of PWDs in the civil service. The Chairman remarked that the fifth session of the Conference of States Parties to the Convention on the Rights of Persons with Disabilities would be held in September 2012, during which representatives of the Government would attend hearings of its report submitted earlier to the United Nations concerning the rights of PWDs.

3.21 Highlighting that the number of PWDs performing frontline duties in the civil service had been decreasing in recent years due to the engagement of NCSC staff/agency workers, Mr WONG Kwok-hing urged the Administration to review its policy on employment of PWDs. SCS explained that certain frontline posts which used to be filled by PWDs, such as telephone operators, had become obsolete due to the advancement of technology rather than the engagement of NCSC staff/agency workers.

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3.22 As regards the engagement of NCSC staff/agency workers, SCS advised that the Government was committed to providing quality services to the community. To this end, outsourcing of non-core services to external agencies or private sector companies was adopted by different bureaux/departments as a tool to improve the efficiency, effectiveness and quality of their services.

3.23 As requested by Dr PAN Pey-chyou, SCS agreed to provide a written reply concerning the drop in the number of civil servants with disabilities in non-discipline services from 2 506 in 2009-2010 to 2 440 in 2010-2011. She also undertook to provide information on the administrative, legal and other measures taken in respect of the employment of PWD in order to comply with the relevant codes of the International Labour Organization and the Conference of State Parties to the Convention on the Rights of Persons with Disabilities.

Provision of acting and overtime allowances for civil servants

3.24 Noting that the projected expenditures for the payment of acting allowance to civil servants undertaking additional duties and overtime allowance for civilian staff had increased, Ms LI Fung-ying expressed concern about the manpower shortage in the civil service, and whether the Administration had formulated plans to address the problem.

3.25 In response, SCS explained that the increase in the projected expenditures for the payment of acting and overtime allowances might partly be attributable to an upward adjustment of the salaries of civil servants in 2011 as the allowances payable depended on the prevailing salaries of the civil servants concerned. Moreover, as a result of more civil servants retiring in the next several years, serving civil servants might need to undertake more acting appointments or overtime work on a temporary basis, resulting in an increase in the acting and overtime allowances payable to them. On the overall staffing situation of the Government, SCS advised that there would be a 0.9% increase or an additional 1 535 posts in the civil service establishment to keep up with the growing demand for services delivered by the Government.

Chapter IV : Constitutional and Mainland Affairs

4.1 At the Chairman's invitation, Mr Raymond TAM, Secretary for Constitutional and Mainland Affairs (SCMA), briefed members on the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2012-13 and its work priorities for the coming year. (Appendix IV-3).

Election matters

Accuracy of registered addresses in voter registers

4.2 Mr LEE Wing-tat said that there was great public concern about vote-rigging in the District Council (DC) election in 2011, as revealed by the dubious residential addresses of electors such as village entrances, godowns, and even pump rooms of buildings. He asked what criteria the Registration and Electoral Office (REO) adopted for conducting checking on suspicious addresses.

4.3 SCMA responded that since 2009, the use of postal address was no longer allowed for registration as voters or for updating registered addresses. However, for some villages, as confirmed with the Hongkong Post, mail could not be delivered to individual village houses therein, and the village entrance was used as the registered address. REO would also allow the staff of godowns and warehouses to register these premises as their addresses if they resided there. Chief Electoral Officer (CEO) added that in keeping with the plan to handle voter registration more seriously in future, proof would be required from persons using godowns and warehouses as their residential addresses when applying for voter registration. He advised that the number of newly registered electors varied from year to year. While the number could reach as high as 200 000 in election years such as 2011, the number would be only tens of thousands in non-election years.

4.4 Mr LEE Wing-tat suggested that REO could randomly check suspicious particulars of registered electors such as by asking for address proofs. CEO responded that in response to complaints surrounding the 2011 DC election, a number of measures had already been taken. The possibility of a full-scale data matching exercise was being explored with the Housing Department and the Hong Kong Housing Society with a view to verifying the accuracy of the registered addresses of registered electors currently residing in the housing estates, which represented about 40% of

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the total electorate for geographical constituencies. REO would request address proofs where there was suspicion.

4.5 Noting that the voter registration campaign would start in end March 2012, Mr WONG Yuk-man asked whether the improvement measures would apply to the Legislative Council (LegCo) election to be held in September 2012.

4.6 SCMA responded that four improvement measures had already been implemented since January 2012, including enhanced checking of electors' registered addresses with the aid of a specially-designed envelope to facilitate the return of wrongly delivered mails for follow-up. The Administration would brief the Panel on Constitutional Affairs on 19 March 2012 on the improvement measures to the voter registration system. Those measures supported by the public would be implemented through administrative measures as soon as practicable. Some of these measures would include sorting of electors by address to facilitate identification of registered addresses used by a large number of electors and requiring newly registered voters to provide address proofs. However, as there were views from the public, including certain political parties, that the requirement of address proofs might discourage voter registration, such requirement might apply only to change of registered addresses initially.

4.7 Mr WONG Yuk-man expressed concern that the different treatment might cause confusion to the public. He urged the Administration to defer implementing the requirement as it was necessary to explain to the public the address proof requirement before implementation. He said that the Administration should make clear the address proof requirement as early as possible since political parties would start promoting voter registration in late March 2012.

4.8 SCMA responded that the Administration would discuss the proposed arrangements with the Panel on Constitutional Affairs on 19 March 2012, and members' views in this regard would be taken into consideration when making the decision. Meanwhile, registered electors had already been reminded to update their addresses if they had moved homes, through letters directly sent to them and through announcements of public interest (APIs) broadcast on television. In the 2012 Voter Registration Campaign, new electors would be reminded to provide accurate information for registration, and registered electors to update their residential addresses.

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Cross-matching electors' data

4.9 Mr Alan LEONG enquired which departments would be involved in REO's study on the usefulness and technical feasibility of expanding the cross-matching of electors' particulars with more departments. CEO responded that the Immigration Department (ImmD), Transport Department, Census and Statistics Department, Water Supplies Department and Inland Revenue Department would be involved. The Water Supplies Department had explained that the addresses in its possession might not necessarily be the residential addresses of the electors concerned. The Census and Statistics Department had indicated difficulty in providing cross-matching assistance as the addresses they kept were not linked to individuals' identity card numbers or names, and it was necessary to maintain public trust in their commitment to keep census data secure. REO was still discussing with the Transport Department and ImmD to see if their data would be useful for cross-matching.

4.10 As regards the data kept by ImmD, CEO advised that as a standing arrangement with ImmD, REO was already matching the addresses of registered electors with addresses of the applicants for smart identity cards with the consent of the individuals concerned. REO was discussing with ImmD the feasibility of using all residential addresses in ImmD's possession for cross-matching so as to render the particulars on the register of electors more updated. But REO would need to ascertain the usefulness of ImmD's data first before allocating resources for such cross-matching.

4.11 Ms Audrey EU noted that REO had sent letters to more than 4 700 electors requesting them to provide address proofs, and was planning to refer them to law enforcement agencies for follow-up if they did not respond or provide address proofs before the specified deadline. She enquired about the current status of these cases. CEO advised that as at the end of February 2012, 1 800 of these cases had been referred to law enforcement agencies.

Investigation of complaints

4.12 Mr Alan LEONG expressed concern about the long time taken to investigate complaints in respect of the 2011 DC election. He noted that the investigations on 564 complaints were still underway. For the 110

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complaints about false registration, only 14 cases had been closed, 86 were still under investigation, and ten were referred to relevant parties for follow-up. Of the 168 complaints about election-related corrupt and illegal conduct, 47 were still being investigated. CEO made the following response –

- (a) regarding the 86 complaints, REO was in fact waiting for responses to the letters issued to the electors concerned requesting address proofs. Actions would subsequently be taken as appropriate and suitable replies would be given to the complainants concerned; and
- (b) as to the 47 complaints about election-related corrupt and illegal conducts which were still under investigation, there was a need to secure preliminary evidence to establish prima facie irregularity before referring them to relevant law enforcement agencies as necessary.

4.13 In response to Mr Alan LEONG, CEO advised that a two-week deadline had been specified in the letters to the electors concerned requesting address proofs. However, since the 110 complaints about false registration in fact involved some 9 900 electors, considerable time was required for issuing the letters and for handling the responses thereto. It was also necessary to check whether the electors concerned had actually voted in the 2011 DC election before deciding how the complaints should be followed up. CEO added that REO would definitely be able to complete its investigation on all complaints before the 2012 LegCo election. It was estimated that the investigation in most cases would complete within March 2012 and replies would be issued to the complainants from late March 2012.

Electoral arrangements

4.14 Mr CHIM Pui-chung said that although the election of the Chief Executive (CE) would be conducted by secret ballot, it was still possible to guess which candidate the electors had voted for based on their voting order as recorded by closed-circuit television recording systems. He enquired whether improvements in this regard would be introduced.

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4.15 SCMA responded that conduct of the CE election by secret ballot was a requirement under the Basic Law and relevant laws. No closed-circuit television recording system would be used to record the voting process, and it would also be against relevant election laws to record the voting process using electronic means without permission. The secrecy of the election process would be upheld by the following arrangements –

- (a) electors would be free to come to the polling station (Grand Hall of the Hong Kong Convention and Exhibition Centre) to cast their votes at any time during the voting period, namely, from 9:00 am to 11:00 am for the first round, and 2:00 pm to 3:00 pm on the same day should there be a second round;
- (b) electors would collect ballot papers from the ballot paper issuing desks and mark their choice of candidate on the ballot paper at the voting compartment; and
- (c) the ballot papers from two different ballot boxes would be thoroughly mixed together before counting.

SCMA said that under such circumstances, it was unlikely that individual electors' choices could be traced in any way.

Functional constituencies election

4.16 Mr CHIM Pui-chung commented that while the number of contested functional constituencies (FCs) at every LegCo election was only about 20, the election results of FCs were always not available until late at night. He opined that the situation should be improved, such as by requiring all electors of FCs (with only a few hundred electors) to cast their votes at one to two polling stations only.

4.17 CEO responded that REO would review the electoral arrangements after every election, and was at present examining the arrangements for the 2012 LegCo election. To facilitate electors to cast their votes, REO would explore the need to provide more polling stations. The long time taken to count FC ballot papers was partly due to the need for sorting because the ballot papers cast for the 28 FCs would be put into the same ballot box at every polling station. The sorting process was

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necessary also because at every election, there could be misplacement of ballot papers of geographical constituencies in FC ballot boxes. Ballot papers of different colours were used for different FCs to facilitate sorting.

4.18 In response to the Chairman and Mr CHIM Pui-chung's suggestion on using different ballot boxes for different FCs, CEO explained that the suggestion might not be feasible due to the physical limitations of most polling stations. REO would, however, examine how the sorting process could be shortened.

Conflict of interest

Code for Principal Officials under the Accountability System

4.19 Ms Audrey EU expressed concern about recent allegations of CE accepting favours from tycoons in the forms of meals, trips taken on private jets and luxury yachts, and bargain rent of a luxury penthouse in Shenzhen. She enquired whether the Administration would review the "Code for Principal Officials under the Accountability System" (the Code), and whether there had been any cases of non-compliance with the Code in the past.

4.20 In response, SCMA made the following points –

- (a) the recently formed Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests (IRC) chaired by the former Chief Justice of the Court of Final Appeal, the Honourable Andrew LI Kwok-nang, had started to review relevant codes and documents. CMAB would revise the Code in the light of IRC's recommendations; and
- (b) as to non-compliance with the Code in the past, the only incident that could be recalled was that involving the former Financial Secretary, Mr Antony LEUNG.

At the request of Ms Audrey EU and the Chairman, SCMA agreed to check whether there had been any cases of non-compliance with the Code and provide the relevant details.

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Guidelines for declaring entertainment received

4.21 Ms Audrey EU noted that IRC was expected to complete its work in three months' time and asked whether interim measures would be taken to provide clear, objective and specific guidelines to regulate the acceptance of entertainment by senior Government officials. She asked the Administration whether at present there were any such guidelines or regulatory mechanism, and said that SCMA should remind principal officials to declare entertainment received.

4.22 In response, SCMA made the following points –

- (a) principal officials were subject to regulation of the Code and the Prevention of Bribery Ordinance (PBO) (Cap. 201). SCMA would remind all political appointees to observe the Code and the relevant regulatory framework; and
- (b) it was often inevitable for principal officials to have food and beverage with stakeholders when discharging duties. At present, principal officials mainly relied on common sense by giving regard to, for example, the timing and venue of the entertainment they were invited to in order to assess whether it was excessive and whether they should accept it. It would be most welcome if IRC could formulate such guidelines which would be very helpful in making judgment in this regard.

Nomination of the Commissioner, ICAC by the Chief Executive

4.23 Mr James TO expressed concern about the appropriateness of allowing the incumbent CE, who had the power to nominate the Commissioner of the Independent Commission Against Corruption (ICAC) for appointment, to continue to play a role in identifying and appraising the nominee for the Commissioner, considering that CE had himself become a subject of ICAC's investigation as a result of recent incidents. Mr TO opined that to avoid constitutional crisis arising from the above circumstances, CE should delegate his power to nominate the next Commissioner of ICAC.

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4.24 SCMA responded that CE's power to nominate the Commissioner had never been delegated in the past and that the next Commissioner would be nominated by the new CE to be elected. As the Administration Wing, Chief Secretary for Administration's Office (the Administration Wing) assisted CE in making the nomination, it might be more appropriate for the Administration Wing or the Chief Secretary for Administration's Office to provide a response to Mr James TO's question.

4.25 Mr James TO opined that the Administration Wing should confirm in writing that the incumbent CE would not play any role in identifying and appraising the nominee. SCMA agreed to arrange for provision of information from the Administration Wing on the special arrangements, if any, for avoiding possible conflict of interest in the nomination of the next Commissioner. The Chairman directed that session 8 of the special Finance Committee meetings to be held the following day be extended to enable the Director of Administration and the Commissioner attending that session to respond to any further questions from members in this regard.

Regulatory framework and principles for receiving entertainment

4.26 Ms Audrey EU enquired how the value of the passages or meals which CE had allegedly accepted would be worked out for assessing whether they should be accepted. SCMA responded that there were general guidelines on official entertainment expenses for political appointees and senior civil servants. The upper limits of expenses per head for hosting receptions of \$350 for lunch and \$450 for dinner should apply when Government officials hosted receptions, and they should refrain from attending receptions hosted by others which were too extravagant or excessive.

4.27 Ms Audrey EU expressed concern about the lack of criteria governing senior Government officials' acceptance of hospitality. SCMA responded that at present neither PBO nor the Code provided any monetary definition of "excessiveness" of entertainment accepted. It was expected that IRC might make recommendations to provide greater clarity in this regard.

4.28 In response to the Chairman, SCMA advised that Government officials had to observe the expenditure caps highlighted in paragraph 4.26 above when they hosted receptions in discharging duties. SCMA and

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Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) further explained that when spending exceeded the caps, the officials concerned would need to make up for the difference themselves unless there were very strong justifications. When hosting receptions in the Mainland and overseas, similar standards would apply, but factors such as the living standards and protocols of the countries concerned, and the ranks of the officials entertained would be taken into consideration. The general principle was that receptions hosted should be proper but priced reasonably.

4.29 Highlighting a press report on CE's stay in a luxury Macau casino resort suite allegedly arranged by his son, Mr LEE Wing-tat expressed concern that Government officials could indirectly accept advantages as their family members were not required to declare interests. He enquired whether Government officials were prohibited from accepting advantages through their spouses or children, and whether they were nonetheless obliged to declare such advantages.

4.30 SCMA responded that the Code had been modelled on PBO which defined "entertainment" as "the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions", and did not include "entertainment" in its definition of "advantage". While a principal official in general had no need to declare entertainment received, he/she still had to declare the following –

- (a) advantages covering not only investments and interests held in the name of the principal official, but also those held in the name of his/her spouse, children or any other persons or companies but were actually acquired on the principal official's account or in which the principal official had a beneficial interest;
- (b) gifts received in the principal official's official capacity, such as souvenirs received as officiating guest. The principal official concerned was required to keep a register of such gifts received for public inspection as necessary; and
- (c) sponsored visits.

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4.31 SCMA advised that a principal official should not accept entertainment from any person if the entertainment might lead to embarrassment of the principal official in the discharge of his functions, or bring the principal official or the public service into disrepute by reason of the excessive nature of the entertainment, or of the relationship between the principal official and the other person, or of the character of that person. These criteria had been incorporated in the Code.

4.32 Mr LEE Wing-tat opined that to prevent recurrence of cases like those involving CE, the definition of "entertainment" should be widened to include not only food and drink but also accommodation and passages, and that principal officials should be required to declare instances of entertainment received. SCMA clarified that according to the Code and relevant legislation, passages were covered by the definition of "advantages" and had to be declared by both the officials themselves and their spouses. He confirmed that IRC's purview would cover review of the above requirements.

Efforts made to eliminate discrimination

Promotion and training

4.33 Mr WONG Ting-kwong enquired about the number of "tailor-made" training sessions provided by the Equal Opportunities Commission (EOC) on its own initiative and in response to request. Under Secretary for Constitutional and Mainland Affairs (USCMA) responded that the number of promotional and training activities organized by EOC and the attendance were provided as indicators in the Controlling Officer's report in the Estimates of Expenditure. It was anticipated that EOC would organize some 900 promotional and training activities in 2012 and the attendance would exceed 110 000.

Improving relations between residents in Hong Kong and the Mainland

4.34 Mr WONG Ting-kwong asked whether EOC would conduct more publicity and education activities in order to mitigate the recent tensions between residents in Hong Kong and the Mainland, and whether funding had been specifically set aside for the purpose. USCMA responded that while the issue fell outside the purview of the Race Discrimination Ordinance (RDO) (Cap. 602), EOC had already been making efforts to

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address the situation, such as by issuing press releases and making public statements to call for tolerance and rationality. The Committee on the Promotion of Civic Education (CPCE) under the Home Affairs Bureau had also produced some television APIs in this regard. USCMA said that EOC's expenditures for promoting harmony between residents in Hong Kong and the Mainland were part of its overall recurrent expenditure on publicity and a breakdown was not available, while in 2012-2013, the estimated expenditure for promotion of civic education outside schools by CPCE was about \$20 million.

Scope of the Race Discrimination Ordinance

4.35 Mr Paul TSE expressed regret that no Government department but EOC had made any verbal response to an earlier case involving a Dolce and Gabbana (D&G) store in Hong Kong, which allegedly had stopped a local photographer from taking pictures of its shopfront from the pavement outside. Mr TSE opined that more resources should be allocated to enable EOC to make greater efforts to promote harmony between residents in Hong Kong and the Mainland. The Administration should consider introducing legislation against hate speech, or amendments to RDO to cover discrimination against Mainland residents.

4.36 In response, USCMA made the following points –

- (a) RDO defined racial discrimination as discrimination based on "race, colour, descent or national or ethnic origin". This was in line with the definition of racial discrimination in the International Convention on the Elimination of All Forms of Racial Discrimination. Since residents in Hong Kong and the Mainland were of the same ethnic origin, the issue did not fall under RDO and the Administration did not consider it appropriate to amend RDO to cover discrimination against Mainland residents. As regards hate speech, action could be taken under RDO if such speech involved race discrimination or vilification as defined under RDO;
- (b) the Chairman of EOC had, in response to the D&G case and similar cases, taken the initiative to issue press releases and openly speak on the need for tolerance and rationality.

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In the 2012-2013 Estimates of Expenditure, an additional recurrent subvention of \$1.16 million was proposed to be provided to EOC for the creation of a Senior Corporate Communications Officer post to enhance its training and promotion work. EOC would take into account the recent developments in its 2012-2013 promotion plan. Furthermore, an additional recurrent subvention of \$500,000 was proposed to be provided to EOC to enable it to fund partnership projects with non-governmental organizations. Social participation projects and projects that would promote tolerance and inclusion among residents in Hong Kong and the Mainland would be considered; and

- (c) apart from EOC's work, a multi-pronged approach involving different Government bureaux and departments had also been adopted to promote the values and concepts of tolerance and inclusion. Examples included the recent production of two APIs in this regard by CPCE, and incorporation of similar messages in the school curriculum by the Education Bureau.

4.37 Ms Audrey EU and Dr Margaret NG recalled that during the deliberations of the Race Discrimination Bill, the Administration had undertaken to allocate additional resources and devise new measures targeting new arrivals to eliminate discrimination against them, and to review in due course whether they should be covered in the enacted RDO. These members said that so far no additional resources seemed to have been allocated in this area. Dr NG further said that there were complaints by ethnic minorities about local banks rejecting their applications for opening bank accounts. She asked whether the Administration had any plan to allocate more resources in 2012-13 for reviewing RDO for eliminating discrimination against ethnic minorities.

4.38 In response, USCMA made the following points –

- (a) the Bills Committee on RDO had already thoroughly discussed the reason why the discrimination encountered by new arrivals from the Mainland did not fall under the Bill. They were of the same ethnicity as the majority of the local population. The discrimination they encountered was

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largely prejudices arising from behavioural and cultural differences, and was a form of social discrimination rather than race discrimination;

- (b) starting from 2009, CMAB earmarked about \$26 million a year to sponsor non-governmental organizations to provide support services to ethnic minorities through means such as support service centres. These services would assist to promote equality and eliminate discrimination. Starting from April 2011, the provision of support services had been taken over by the Home Affairs Department, which had extended its services to cover new arrivals as well; and
- (c) according to EOC's investigation, the complaints concerning local banks denying ethnic minorities' applications to open bank accounts were largely caused by frontline staff's misunderstanding of the banks' policies. EOC had completed the investigation of these complaints and no breach of RDO had been found.

Removing discrimination against new arrivals and ethnic minorities

4.39 Dr Margaret NG reiterated the need for more targeted efforts and more resources in eliminating discrimination against new arrivals and ethnic minorities which had been seriously affecting their lives. She requested the Administration to provide breakdown of the additional resources allocated to EOC for launching studies and publicity programmes on relations between residents in Hong Kong and the Mainland to understand and mitigate the recent tensions between them, and for providing support services to new arrivals and ethnic minorities. She also sought figures on complaints of discrimination received and handled by EOC.

4.40 USCMA explained that the relevant promotional efforts under EOC were part of EOC's ongoing promotion work, and no separate breakdown of such provisions was available. She further explained that while additional subvention had been provided to EOC mainly for strengthening its manpower, there was no breakdown of the additional provision by the specific services involved. USCMA undertook to provide a written response to explain the details in relation to the information requested by Dr Margaret NG.

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Promotion of business opportunities for Hong Kong professionals and businesses in the Mainland

Progress of work

4.41 Mr LAU Kong-wah stressed the importance of realizing the goal of basically achieving liberalization of trade in services between Hong Kong and the Mainland by the end of the National 12th Five-Year Plan period, so as to enable Hong Kong professionals and service industries to enter the Mainland market within four years. He therefore sought details on the promotional efforts made by the Government in this regard, particularly in addressing Hong Kong professionals' major concern about the relevant tax arrangements.

4.42 SCMA responded that since promulgation in March 2011 of the National 12th Five-Year Plan including Hong Kong in the development strategy of the Mainland, the Administration had established a co-operation mechanism with the Ministry of Commerce of the Central Government to follow up the above goal. Relevant negotiations with Mainland authorities through the Ministry had so far focused on the room for relaxing the requirements in Mainland regulations regarding professional qualifications and the requirements for starting up business. As regards the tax issue, the objective was to implement pilot projects of tax concessionary arrangements in strategic regional co-operation areas such as Qianhai and Nansha. For example, there were talks on the provision of concessions in income tax and profits tax to make the taxes payable by Hong Kong professionals and businesses in the Mainland comparable with those paid in Hong Kong.

4.43 SCMA said that discussion with the National Development and Reform Commission and relevant departments and committees in Shenzhen and Guangdong on how to facilitate liberalization of trade in services was underway and CMAB was working towards announcing some progress within the current term of the Administration.

Taxation arrangement

4.44 Mr LAU Kong-wah enquired whether the anticipated rate of income tax to be paid by Hong Kong professionals in the Mainland would be similar to the 15% in Hong Kong, and whether such concessionary tax rate would apply only in Qianhai and Nansha.

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4.45 SCMA responded that it might not be appropriate to pre-empt the decision of relevant Mainland authorities by disclosing the tax concessions that might apply to Hong Kong professionals working in the Mainland since negotiations in this regard were still underway. However, CMAB was working towards securing the application of tax rates similar to those in Hong Kong to Hong Kong professionals and businesses operating in Qianhai and Nansha. He reiterated the hope to effect some progress in this regard within the current term of the Administration.

Role of Economic and Trade Offices

4.46 Mr LAU Kong-wah pointed out that Hong Kong businesses and professionals had difficulty in promoting their business in the Mainland due to its huge size. There was a need for one-stop assistance in developing business. He enquired whether the Beijing Office and Hong Kong Economic and Trade Offices in the Mainland (the Mainland Offices) could play a role in improving the business environment for Hong Kong enterprises in the Mainland and whether any funding had been allocated to provide one-stop assistance to Hong Kong professionals to develop in Mainland cities.

4.47 PSCMA responded that the Mainland Offices had already been actively helping Hong Kong businesses to develop in the Mainland by briefing business associations on relevant Mainland policy changes or new policies, and by making regular contacts with them. Further examples of such efforts were as follows –

- (a) where the tourism industry was concerned, the development of "multi-destination" itineraries, and provision of a one-year multiple-entry Individual Visit endorsement for Guangdong residents in Shenzhen to visit Hong Kong had been secured to assist the industry in expanding business;
- (b) as a result of the efforts made by relevant bureaux/departments and the Mainland Offices, liberalization under the Closer Economic Partnership Arrangement had been secured for Hong Kong service providers to set up wholly-owned out-patient clinics in Guangdong Province and wholly-owned hospitals in Guangdong Province, Fujian Province, Hainan Province, all

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municipalities directly under the Central Government and provincial capital cities, making it easier for Hong Kong's medical service sector to expand its business in the Mainland;

- (c) the relevant bureaux/departments and the Mainland Offices had also been working with the National Development and Reform Commission, and relevant departments and committees of the Mainland, to help other professional services of Hong Kong, such as legal, accounting, design and engineering services, enter the Mainland market, notably by negotiating for further relaxation of relevant qualification requirements and requirements for starting up business and facilitating their set-up and operation in the Mainland; and
- (d) the Mainland Offices would readily provide Hong Kong business information on how to acquire professional services, such as accounting and legal services, in the Mainland.

Pay of Political Assistants

4.48 Ms Cyd HO noted that the revised financial provision for CMAB's Director of Bureau's Office in 2011-2012 was \$8.3 million, i.e. 18.6% less than the originally estimated spending. She questioned why the 2012-2013 estimate being \$10.3 million for this expenditure item had not been reduced to reflect the under-spending. SCMA responded that the under-spending was mainly because the Political Assistant position was vacant for the year. However, since the position had really been created, provision for such would, as was the established practice in all bureaux, be made available in the 2012-2013 Estimates of Expenditure notwithstanding the vacancy.

4.49 Ms Cyd HO said that the pay of around \$2 million a year for Political Assistant was too high, and asked whether the Administration had any plan to cut it to avoid boosting Government spending to budget for a deficit unnecessarily, giving the Government an excuse for not providing essential services for the poor.

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4.50 SCMA responded that the new CE to be elected would decide whether to adjust the remuneration of Political Assistants, and the 2012-2013 Estimates of Expenditure would be revised as necessary. In response to Ms Cyd HO on whether an interim revised estimates could be provided, SCMA explained that the revised estimates of expenditure would be prepared in due course on the basis of actual expenditures for the purpose of seeking support for funding for new projects or minor adjustments. Ms HO opined that the revised estimates should be provided early to reflect changes in government expenditure in a timely manner, so as to facilitate use of surpluses for new initiatives.

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5.1 At the invitation of the Chairman, Mr Ambrose LEE, Secretary for Security (S for S), briefed members on the financial provisions and main initiatives of the programmes in the policy area of security for 2012-2013 (Appendix IV-4).

Technology crimes

5.2 Mr James TO expressed concern about the growth of technology crimes, and cautioned that Hong Kong's status as an international financial centre would be tarnished if its on-line business and financial trading systems could not withstand cyber attacks. He asked if the Administration had assessed the risks and introduced necessary preventive measures against technology crimes to inspire international confidence in Hong Kong's capability in tackling technology crimes.

5.3 Commissioner of Police (CP) advised that to combat technology crimes, a Technology Crime Division comprising more than 70 staff had been set up under the Commercial Crime Bureau. Officers with specialized training in handling technology crimes had also been provided in the regional crime unit of each police region. A team comprising about 200 staff had also been established within the Police Force to provide frontline support. In 2012-2013, the Police's manpower provision for combating technology crimes would be further strengthened, and a cyber security centre would be established to tackle cyber attacks in the business sector, which had increased from one case in 2010 to 11 cases in 2011.

5.4 As regards the strategy for combating technology crimes, CP advised that Technology Crime Division would ensure that police officers were equipped with up-to-date skills and knowledge in handling technology-related investigations, collecting digital evidence and conducting forensic examinations of computer systems. On cross-regional and cross-boundary co-operation efforts, the Police played an important role in providing technical training for the law enforcement personnel in the Asia Pacific region. The Police also maintained close liaison with local and international law enforcement agencies for timely and efficient intelligence and experience exchange. Moreover, the Police had worked in partnership with Internet service providers and other organizations to step up publicity and public education efforts to enhance community awareness in technology crime prevention and information security. The public could access relevant information and advice through the Police's website on the Internet.

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5.5 Mr James TO enquired whether victim companies were willing to report technology crimes to the Police for follow up. CP responded that for the 11 reported cases of cyber attacks in 2011, the victim companies had swiftly reported the cases to the Police for investigation, as such incidents would paralyze their operations. Mr TO suggested that the Police should include the rate of unreported technology crimes in the Hong Kong Crime Victimization Surveys. CP agreed to consider Mr TO's suggestion.

Doubly non-permanent resident pregnant women

5.6 Ms Audrey EU expressed concern about the adequacy of frontline immigration staff at control points to curb the influx of pregnant women whose spouses were not permanent residents of Hong Kong ("doubly non-permanent resident pregnant women"). Noting that the Administration planned to create 93 new posts in 2012-2013 to strengthen immigration control duties at control points, she queried whether the level of increase, which represented about 1.4% of the 6 428 staff strength in the Immigration Department (ImmD), was sufficient and whether the staff deployed at control points were suitably equipped for identifying Mainland pregnant women at control points.

5.7 S for S said that currently more than 1 000 immigration staff were deployed at the 11 control points to carry out immigration control duties, including the implementation of complementary immigration control measures related to non-local pregnant visitors. The additional 93 posts were needed to strengthen this area of work. ImmD would flexibly deploy manpower with regard to the actual situation in carrying out immigration control duties. With the support of the staff of the Department of Health (DH), ImmD staff would query the pregnancy status of incoming female visitors, and those who were found pregnant and intended to give birth in Hong Kong might be refused entry if they did not have a certificate on confirmed antenatal and delivery booking issued by a Hong Kong hospital (Certificate). Since 2007, more than 200 000 checks had been made and more than 10 000 pregnant women from the Mainland had been refused entry into Hong Kong. Director of Immigration (D of Imm) added that the increased use of automation such as "e-Channels" and the streamlining of operational procedures at control points would help reduce the workload of frontline immigration staff, so that some of the existing frontline immigration staff could be redeployed to implement the immigration control measures related to non-local pregnant visitors.

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5.8 Mr Albert CHAN noted that in 2010, 1 634 Mainland pregnant visitors were refused entry, but the number had increased by 18% to 1 931 in 2011. He noted that some countries installed X-ray security scanning devices at control points to enhance immigration security, and pregnant visitors could apply for exemption to avoid exposing fetus to X-ray. He asked if the Administration would install similar devices at control points to deter Mainland pregnant visitors from attempting to conceal their pregnancy status, and thereby help identify "doubly non-permanent resident pregnant women" while enhancing security control at control points generally. S for S agreed to look into the feasibility of the suggestion in consultation with DH, and remarked that potential hazards to visitors and staff as well as cost-effectiveness were factors that needed to be taken into consideration.

5.9 Mr WONG Yuk-man commented that the Administration should control the arrival of "doubly non-permanent resident pregnant women" into Hong Kong through local legislation and appropriate administrative measures. The recent measures, such as raiding unlicensed guesthouses used by Mainland pregnant women and suspension by Mainland authorities in issuing permits for Mainland pregnant women to come to Hong Kong, were effective in ameliorating the problem. He opined that the Administration should set up two queues for providing obstetric services to pregnant Mainland women, i.e. one queue for "singly non-permanent resident pregnant women" and the other queue for "doubly non-permanent resident pregnant women". Local pregnant women should be accorded top priority in receiving obstetric services in public hospitals. This should be followed by "singly non-permanent resident pregnant women". "Doubly non-permanent resident pregnant women" should only be admitted where resources were available after the demand of the first two groups had been met. He asked if the Administration would consider setting up two queues as suggested.

5.10 S for S said that the current policy under which Mainland pregnant women intending to give birth in Hong Kong were required to obtain the Certificate had been in place since 2007. The objective of the policy was to prevent Mainland pregnant women from "gate-crashing" the accident and emergency departments of public hospitals, which would deprive local pregnant women of the limited medical resources. He understood that the Secretary for Food and Health (SFH) was considering how "singly non-permanent resident pregnant women" could be identified and whether

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bed spaces in public hospitals could be reserved for them. Some outstanding issues were yet to be addressed in this regard.

5.11 Mr WONG Yuk-man urged S for S to discuss with SFH the issue of handling separately "singly non-permanent resident pregnant women" and "doubly non-permanent resident pregnant women", and align the policies and operations of the Hospital Authority and ImmD accordingly.

5.12 The Chairman requested S for S and the Deputy Secretary for Financial Services and the Treasury (Treasury)¹ to relay to SFH members' concerns about the use of medical resources by Mainland pregnant women, and to ask SFH to get prepared to answer members' questions on the subject in session 19 of the special meetings on health matters.

5.13 Ms Cyd HO asked whether ImmD could distinguish between "singly non-permanent resident pregnant women" and "doubly non-permanent resident pregnant women" by means of their spouse's residency status. D of Imm explained that the production of the Certificate by Mainland pregnant visitors was the most direct way to prove their eligibility for the obstetric services in Hong Kong hospitals. As Mainland pregnant women might be in co-habitation with or had divorced a Hong Kong permanent resident, and some might even produce false marriage certificates, it was not a straightforward task to determine their marriage status in relation to Hong Kong permanent residents at control points. Ms HO said that SFH had earlier indicated that the identification process should be fairly straightforward. She urged the relevant bureaux and departments to make concerted efforts to tackle the problem.

5.14 Mr LAU Kong-wah expressed concern that non-local pregnant visitors in early stages of pregnancy could easily escape the visual inspection of ImmD and DH staff at control points. In many cases, these visitors were aided by agencies and stayed in hostels to await delivery, often exceeded the permitted period of stay. He asked if there were sufficient manpower and resources to detect overstay visitors, and whether an effective mechanism and adequate support measures were in place to address the problem.

5.15 S for S and D of Imm explained that non-local pregnant women who intended to give birth in Hong Kong but did not have the Certificate would be refused entry. Even if they arrived in Hong Kong during early stages of pregnancy and managed to escape visual inspection at control

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points, they were usually permitted to stay for about two weeks only. If they overstayed and turned up to give birth in hospitals, they would be found in breach of the conditions of entry. ImmD would also follow up on complaints or reports against overstay, and initiate prosecution against such visitors. Between October and December 2011, 115 such prosecution cases had been initiated and all had been successful.

5.16 Mr LAU Kong-wah asked whether ImmD could track down such Mainland pregnant women and take prosecution action once their permitted period of stay expired, so that they would not occupy hospital places otherwise provided for local pregnant women. D of Imm said that there were difficulties in this respect but these women would risk leaving a bad record which would affect their future applications to visit Hong Kong.

5.17 As regards cracking down on agencies arranging Mainland pregnant women without the Certificate to receive obstetric services in Hong Kong, S for S advised that the Chief Executive (CE) had recently discussed the issue with the Governor of Guangdong Province. So far, there had been one successful conviction where the perpetrator was sentenced to ten months' imprisonment. The Guangdong authorities had assigned a senior official to co-ordinate information exchange with the Administration. Meanwhile, the Guangdong authorities were investigating suspected agencies, and prosecution actions would be taken if sufficient evidence was found. These measures were effective in deterring the influx of Mainland pregnant women without the Certificate into Hong Kong, as evidenced by reduced cases of "gate-crashing" the accident and emergency departments of public hospitals in recent months.

5.18 Mr LEE Wing-tat said that each year there were more than 30 000 Mainland pregnant women without the Certificate giving births in Hong Kong's private hospitals. They could book their hospital places through agencies at a cost ranging between \$200,000 and \$300,000. He criticized that the Administration's efforts still left a loophole in the system. In this regard, he asked whether the Administration was aware that such illicit operation of some agencies were protected by the Mainland authorities. S for S responded that the Administration was not aware of any evidence that illicit activities of agencies were being protected. In fact, he had been assured by the Guangdong authorities that they were serious about cracking down on agencies involved in such illicit activities, and were conducting investigations into a number of suspected companies.

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5.19 Mr LEE Wing-tat asked whether there was a rising trend of "doubly non-permanent resident pregnant women" without the Certificate coming to Hong Kong by cross-boundary vehicles. He expressed concern that with the likely introduction of the second phase of the one-off ad hoc quotas for Guangdong / Hong Kong cross-boundary private cars scheme ("Self-drive Tour Scheme"), the number of such cases would further increase. Mr LAU Kong-wah expressed a similar concern and asked what measures ImmD would take to tackle the problem, including enforcement co-operation with the Mainland authorities.

5.20 S for S advised that following the survey findings in 2011 that about half of the Mainland pregnant women who gave birth in Hong Kong without the Certificate came by cross-boundary vehicles, tighter inspections had been conducted on these vehicles, especially those with previous records of carrying Mainland pregnant women without the Certificate. Records of these vehicles would be reported to the Guangdong authorities which might take actions such as suspension or revocation of vehicle licence.

Manpower provision in Immigration Department

5.21 In reply to Mr Paul TSE, D of Imm advised that the 162 new posts in 2012-2013, comprising 130 uniformed and 32 civilian posts, would be deployed as follows: 93 posts for the duties at control points, four posts for information technology strategy review, 18 posts for processing entry applications of Mainland overage children of Hong Kong residents, 22 posts for combating false marriage and illegal labour, two posts for implementation of the Scheme \$6,000, and 26 posts for replacement of existing non-civil servant contract posts.

5.22 Ms LI Fung-ying enquired why the staffing strength at the rank of Immigration Assistant (IA) exceeded the establishment (i.e. 1 104 IAs versus 904 IA posts) as at 1 February 2012. S for S explained that 200 IAs were acting in the rank of Senior Immigration Assistant (SIA) and were still counted in their substantive rank.

5.23 Ms LI Fung-ying asked about the length of acting appointment before promotion, and the salary during such acting periods. D of Imm explained that IAs deployed to operate immigration desks at control points

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would act in the rank of SIA, and receive the starting salary point of an SIA if the acting period exceeded one month. Such acting arrangement would help test the officers' suitability to perform duties at a higher rank. The acting period would depend on the operational need in each case.

Control points

5.24 Mr Paul TSE asked if there was any plan to convert the Sky Pier in Lantau Island into a control point so as to divert some of the visitors from other control points. S for S advised that the Sky Pier was currently used as a port for transit of passengers. The suggestion of converting it into a control point required detailed examination, taking into account factors such as service needs and staffing implications. The Hong Kong Airport Authority had considered the suggestion but the passenger flow did not justify a permanent control point at the Sky Pier.

Conditioned hours of work of disciplined services grades

5.25 Dr PAN Pey-chyou said that Fire Services Department (FSD) staff had asked for reduction of conditioned hours of work from 54 to 48 hours a week, but the request was rejected by the Administration on grounds that 690 additional firemen or an additional \$270 million in recurrent expenditure would be required. Noting that the establishment of the FSD would expand by 207 additional non-directorate posts in 2012-2013, he asked whether the additional posts would enable the reduction of the working hours of FSD staff.

5.26 S for S responded that staff of other disciplined services such as the Correctional Services Department and the Customs and Excise Department had also made requests for reduction of conditioned hours of work. Under the current policy, departments were allowed to deploy their resources to effect reduction of working hours for staff, provided that no extra resources or manpower were involved and that the level of service would not be affected. Director of Fire Services (DFS) explained that the additional 207 posts for 2012-2013 were required to meet increasing service demand and strengthen FSD's daily operation. The department would continue to discuss with the staff side how working hours could be reduced under the three pre-requisites of "cost-neutral", "no additional manpower" and "no reduction in public service". A proposal had been developed for internal consultation, and would be implemented on a pilot basis subject to a consensus being reached.

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5.27 Dr PAN Pey-chyou commented that the policy that departments should not incur extra resources in reducing the conditioned hours of work of staff was unrealistic. He asked about the progress the Administration had made in the staff consultation and the response from staff unions so far. DFS said that fire personnel worked in shifts, and the number of staff assigned for each shift was fixed. Additional staff would be required if the conditioned hours of work were to be reduced. One option under consideration was to reduce the number of staff at night time in districts where the service demand was comparatively lower than that at day time. However, the performance target that the first fire engine should arrive at a fire scene within six minutes in built-up areas for 92.5% of all building fire calls would be maintained.

5.28 Mr LEE Cheuk-yan noted that there would be a net increase of 40 posts for six additional ambulance shifts to cope with the demand for emergency ambulance service of FSD in 2012-2013. Pointing out that ambulance staff were currently allowed only 30 minutes for lunch and some were given a 20-minute break only, he asked if the lunch break arrangement could be improved with the additional posts. DFS confirmed that the additional staffing resources would help improve the meal break arrangement to a certain extent. He added that in 2011, 88% of ambulance staff had been able to take a 30-minute lunch break under a quota system between 11:30 am and 1:30 pm. For those who were unable to have their lunch within such period, separate arrangement would be made for them to take lunch after 2:00 pm without interruption.

5.29 In response to the Chairman, Commissioner of Customs and Excise said that the department had already reduced the conditioned hours of work from 51 hours to 48 hours a week, and was now reviewing whether prevailing expenditure on overtime allowance was in line with the historical pattern. The reduction in the conditioned hours of work was achieved through streamlining of operational procedures and adjustment of duty roster in consultation with staff unions, and no additional resources were required. Commissioner of Correctional Services (CCS) advised that a pilot arrangement was being implemented to reduce the conditioned hours of work in the Correctional Services Department (CSD) from 49 hours to 48 hours a week. The arrangement would be reviewed in a year's time. The pilot arrangement was consistent with the existing policy of not involving extra resources or affecting service level.

Penal institutions and rehabilitative service

5.30 Mr CHIM Pui-chung asked whether provisions were included in the Estimates to consolidate penal facilities to relieve overcrowding and to facilitate management. S for S advised that some years ago, the Administration had considered relocating penal facilities in the urban areas to more remote locations to release land for redevelopment. There had been suggestions to develop a "super prison" on an outlying island to consolidate urban penal facilities. The concept was, in a stage, supported by the Panel on Security. However, the plan eventually fell through mainly because of objections from some members of the public and the Legislative Council. As an alternative, the Administration had implemented enhancements and improvements to the existing correctional facilities. Mr CHIM hoped that the Administration could work out a fresh proposal on the long-term arrangements for members' consideration.

5.31 Mr CHIM Pui-chung asked why inmates of correctional institutions could not use their incomes earned during their imprisonment to purchase instant noodles or soy bean sauce. CCS said that inmates could use 90% of their income from work during their detention for purchase of confectionery every month. Instant noodles and soy bean sauce had not been included as confectionery items for inmates, because inmates' meal menus were designed by dietitians who had taken into consideration inmates' nutrition needs. Requests for additional items, if any, would be seriously considered.

5.32 Mr LEUNG Yiu-chung said that he had received a number of complaints from inmates about the overcrowded conditions in penal institutions, and he supported the Administration's initiatives to improve the situation to reduce the workload and pressure of CSD staff. S for S said that the Administration had comprehensive plans to redevelop or refurbish ageing penal facilities, and would seek funding approval from the Finance Committee later.

5.33 Mr LEUNG Yiu-chung commented that CSD's rehabilitative programmes were effective in reducing offenders' recidivist rate if they were able to find jobs after release. He queried whether the planned 2.3% increase in vocational training places were too small, and whether the Administration would increase the provision. CCS said that the vocational

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training courses under the rehabilitative programmes were designed for adult inmates who had a remaining imprisonment period of three to 24 months. In 2011-2012, 1 282 training places were provided, which were able to meet most of the training needs of the inmates. He was confident that the proposed increase in training places in 2012-2013 was sufficient to satisfy the service demand.

5.34 Mr LEUNG Yiu-chung queried whether the low participation rate of adult inmates in the rehabilitative programmes was due to inadequate counselling and publicity efforts. He asked whether similar programmes would be made available to juvenile and young inmates. CCS said that except for detention centres, young inmates in various correctional institutions were required to attend half-day mandatory vocational training courses. The department had taken active steps to encourage adult inmates to participate in various vocational training programmes. Apart from publicizing the programmes through posters, welfare officers had also played an active role to encourage adult inmates to participate in the programmes.

Handling of nuclear incidents

5.35 On the handling of nuclear incidents, Ms Cyd HO said that apart from the Auxiliary Medical Service (AMS), the Estimates did not show manpower deployment information in respect of key departments such as FSD or the Police. She asked whether AMS was a regular support unit in handling nuclear incidents, and whether AMS personnel were on call on a 24-hour basis to respond to such incidents. She also enquired about the deployment of frontline staff in Government departments such as the Police, DH or FSD in handling nuclear incidents and whether these staff received the same training as AMS personnel. S for S advised that the Security Bureau was responsible for the formulation and implementation of the Daya Bay Contingency Plan, and many departments including FSD, the Police, Electrical and Mechanical Services Department, Hong Kong Observatory and DH were involved. Emergency drills were held every year where these departments would jointly participate. AMS mainly performed a supporting role but basic training was provided to its operational personnel.

5.36 S for S further said that the Administration had set up a task force to review the Daya Bay Contingency Plan, taking into account experience from other areas with nuclear power installations, as well as learning from

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the experience of the nuclear incident in Fukushima in Japan last year. The Administration would release the revised Daya Bay Contingency Plan shortly and would launch a territory-wide drill in the first half of 2012.

Counter-terrorism

5.37 Noting that 100 posts had been created in 2011-2012 for counter-terrorism work, Mr LEE Cheuk-yan asked why the Administration had put so much emphasis on counter-terrorism work, and enquired about the staffing strength of the Counter Terrorism Response Unit (CTRU). CP advised that CTRU, which comprised 141 officers, was responsible for protecting consular and sensitive premises and critical infrastructure, and to conduct high profile deterrent patrols throughout the territory. It also conducted regular multi-agency joint exercises in accordance with the Police Force's counter-terrorism strategy of "Prevention, Protection, Preparedness, Pursuit and Recovery". CTRU's duties also included response to incidents or threats of explosive devices. During times of heightened threats, CTRU would also be tasked to handle bomb threats, escort explosives or chemical, biological, radiological and nuclear materials, and to provide support to other specialist units. CP further said that the strengthening of the Police's counter-terrorism capabilities was justified taking into consideration the local and international trends of terrorism. In 2011, there were more than 10 000 terrorist attacks world-wide, with more than 2 000 cases of damages to infrastructural facilities involving more than 40 000 casualties.

5.38 Mr LEE Cheuk-yan enquired whether any new posts to be created in 2012-2013 would be deployed for counter-terrorism work. He was also concerned that the Police would regard mass demonstrations as terrorist threats and the new posts were actually created to counter public rallies or suppress the community's freedom of expression. CP explained that the Police would create 98 new posts in 2012-2013, of which 43 were to be used to replace existing NCSC staff and 55 were new positions. These posts were not for enhancing the Police's overall counter-terrorism capabilities, but would be deployed to strengthen Internet security protection and combat technology crimes, improve community liaison, strengthen the manpower of the Police College and safeguard the security of cross-boundary school children at control points.

Cross-boundary school children

5.39 Mr Paul TSE asked about the number of cross-boundary school children using the control points each day, and whether measures would be introduced to facilitate their passage. S for S said that the Administration did not have a full account of the number of these school children; the Administration only knew the number of cross-boundary school children using the control point at Lo Wu and those who had Resident Permits for Frontier Closed Area. ImmD was not able to track older school children who crossed the boundary individually. The Administration was mostly concerned about the personal safety of the large number of school children crossing the boundary every day. With the expected increase in the number of Hong Kong-born children living in Shenzhen, consideration was being made to conducting immigration control formalities inside school buses so that the school children could commute directly between homes and schools. Further discussion with the Education Bureau, parents and school authorities would be necessary to work out the arrangements.

Cross-boundary private vehicles

5.40 Ms Audrey EU expressed concern about the violation of traffic regulations by cross-boundary private vehicles in Hong Kong. She asked if the Police could provide prosecution statistics against cross-boundary private vehicles from the Mainland. As Mainland vehicles were not registered in Hong Kong, she was concerned how the Police would follow up after having issued a fixed penalty ticket for a traffic offence. CP said that the Police's main objective was to ensure safety of road traffic and the same enforcement standard was adopted against traffic offences committed by local, Mainland and overseas drivers. As the prosecution statistics were compiled by the Transport Department (TD), he would convey Ms EU's request for information to TD after the meeting. He admitted that it was often difficult to follow up on cases of Mainland drivers defaulting on traffic penalty payments. He understood that TD would explore the problem further with the Guangdong authorities.

5.41 Mr LEUNG Yiu-chung queried why the Police did not have the prosecution statistics given that it was police officers who issued fixed penalty tickets. CP explained that the Police only had basic information about the fixed penalty tickets issued, while TD would conduct analysis of traffic offences based on vehicle types.

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5.42 Ms Audrey EU asked what experts from the Administration and the Guangdong Province government would participate in the study and discussion of the arrangements for the second phase of the Self-drive Tour Scheme. She also asked through what platform the discussion would be held, and under what criteria the Administration would decide that the second phase of the scheme should be implemented. CP replied that the policy relating to the Self-drive Tour Scheme was under remit of TD and he could not provide the information.

Fire safety in buildings

5.43 Mr LEE Wing-tat noted that there would be a net increase of 200 posts in FSD in 2012-2013. Although FSD had conducted joint inspections with the Buildings Department, he was not aware of any enforcement action having been taken against building owners who had failed to comply with the Fire Hazard Abatement Notices. He asked if FSD would deploy the additional posts effectively in promoting public safety in buildings.

5.44 DFS said that there were two aspects of promoting fire safety in buildings: upgrading fire safety standards and abatement of fire hazards. At present there were about 170 staff in FSD responsible for inspection and improvement of fire safety in old buildings which were constructed before 1987. Enforcement actions would be taken against an owner or occupant of a premises if fire hazards, such as obstruction of means of escape corridors, were found during inspection. The owner or occupant upon whom a Fire Hazard Abatement Notice was served would be required to abate the fire hazard within a specified period, and non-compliance of the Notice would be liable to prosecution. For cases where there was sufficient evidence, direct prosecution would be taken. At the request of Mr LEE, DFS undertook to provide relevant prosecution statistics after the meeting.

Medical Priority Dispatch System

5.45 Dr PAN Pey-chyou said that the Administration had conducted public consultation on the Medical Priority Dispatch System (MPDS) as early as April 2010. He understood that the proposed System had been approved, but he was not aware of any provision earmarked in the Estimates

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for its implementation. He asked whether the implementation of the System had been shelved. DFS said that the Administration had reported the results of the public consultation on MPDS to the Panel on Security in April 2010. At the present stage, the Administration would focus on implementing improvement measures to the emergency ambulance service through the provision of post-despatch advice, and would procure a computer system to enable the provision of more precise and detailed advice to emergency ambulance service callers.

5.46 In response to Dr PAN's enquiry about the effectiveness of the post-dispatch advice service, DFS advised that, since 1 May 2011, FSD had been providing post-dispatch advice to callers requesting for emergency ambulance service involving bleeding, fracture or dislocation and burn. A telephone survey had been conducted with those who had received post-dispatch advice, and 98% of the respondents were satisfied with the service.

Acceptance of hospitality and advantages

5.47 Mr James TO commented that given the recent controversies arising from media exposure of the CE's appearance in gambling parlours and lavish banquets, S for S should organize briefings for senior officials and political appointees about certain personalities, types of premises and invitations that were inappropriate for them to be associated with. S for S responded that there were conduct guidelines for civil servants and principal officials which had been in force for years. These guidelines had been persistently observed among the disciplinary forces. He remarked that CE had already explained his position as regards acceptance of advantages in his official capacity.

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6.1 At the Chairman's invitation, Mr Michael SUEN, Secretary for Education (SED), briefed members on the financial provisions and major initiatives on education for 2012-2013 (Appendix IV-5).

Pre-primary education

6.2 Referring to paragraph 17 of SED's speaking note, Mr WONG Kwok-hing said that he did not subscribe to the Administration's view that "the proposal to implement free pre-primary education or to incorporate kindergartens (KGs) into the subvented education sector would have a profound impact with implications for the diversity and flexibility of KG education, parental choice, regulations, etc.". He said that since the Administration had all along acknowledged that the financial implications for provision of 15-year free education and implementation of the Pre-primary Education Voucher Scheme (PEVS) were more or less the same, he did not see why the Administration should delay the implementation of the former. He requested the Administration to further provide justifications to support the above view.

6.3 SED responded that the Administration was fully committed to enhancing the development of pre-primary education, and financial resources were not the main consideration of whether or not 15-year free education should be implemented. He said that the Administration had, instead, considered the changes brought about by free KG education, including the possibility of stifling the diversified development of KG education, thereby affecting the ability of the KG system to respond flexibly to external changes, parental choice and the scope for KGs to optimize teaching conditions, etc. SED further said that if 15-year free education was to be implemented, the student admission and fee levels might need to be standardized. If the school fee was set at a low level, some KGs might have to close down. SED advised that the Administration had to consider these far-reaching impacts carefully.

6.4 Noting that the Education Commission's Working Group Report on Review of PEVS submitted to the Administration in December 2010 had confirmed the merits of PEVS, Professor Patrick LAU asked how PEVS helped enhance the professional qualifications of KG teachers, thereby enhancing the quality of pre-primary education.

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6.5 SED said that since the 2007/2008 school year, the Government had made substantial financial commitment to pre-primary education and injected new resources through PEVS. Permanent Secretary for Education (PS(Ed)) advised that it was required that the teacher-student ratio of all KGs joining PEVS must not be lower than 1:15, and their teachers must either have completed or enrolled in the Certificate (Early Childhood Education) (C(ECE)) courses. She said that 97% of these teachers had either obtained C(ECE) or were studying for it. PS(Ed) further advised that the Administration noted that since the implementation of PEVS in the 2007/2008 school year, the annual salary increase enjoyed by KG teachers might be up to 11%. This showed that KG teachers in general were given due recognition to their higher qualifications obtained.

6.6 PS(Ed) added that all KGs joining PEVS were subject to a quality assurance mechanism that combined self-evaluation and external review conducted by school inspectors and experienced educational workers. Under the quality review, the Education Bureau (EDB) would consider a number of performance indicators including the quality of teaching and the learning environment in individual KGs. The evaluation reports would be provided to the KGs concerned. A survey of EDB showed that over 85% of KGs concerned considered the evaluation reports very useful to them in making further improvements. PS(Ed) advised that KGs joining PEVS had to pass the relevant evaluation by external review if they wished to continue to participate in PEVS.

6.7 Mr CHEUNG Man-kwong said that the Administration's statistics revealed that there was a large salary differential between the highest and the lowest salaries for KG teachers, ranging from \$7,500 to \$34,200. He was concerned that the lowest salaries received by some KG teachers working whole-day might fall below the statutory minimum wage level. He asked whether the Administration would look into these cases and consider formulating a salary framework commensurate with the qualifications of KG teachers as suggested by the KG sector.

6.8 PS(Ed) advised that records of EDB showed that the large majority of KG teachers had enjoyed salary increases, whereas only 3.2% to 3.8% of them had received a pay cut mainly because of changing from working whole-day to half-day or from full-time to part-time. The Administration was aware of the large differential between the lowest and highest salaries of KG teachers, and that in 2011/2012, the average salaries

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of KG teachers teaching whole-day and half-day classes were \$17,600 and \$10,400, respectively. However, the Administration had not come across cases of KG teachers being remunerated at a rate lower than the statutory minimum wage level. According to EDB's information, the salaries of 93% and 98% of KG teachers teaching half-day and whole-day classes, respectively, were \$13,000 or above. EDB would look into cases where KG teachers were alleged to receive a salary lower than the statutory minimum wage together with the Labour Department if the KG teachers concerned could provide detailed information.

6.9 Mr CHEUNG Man-kwong suggested that the Administration should request all KGs to submit their salary records to EDB to enable the Bureau to better understand and monitor the salaries of KG teachers. PS(Ed) responded that the Administration was reviewing the implementation of PEVS and would come up with measures to enhance the protection of KG teachers. She agreed to consider Mr CHEUNG's suggestion.

Primary and secondary education

Cross-boundary students

6.10 Mr CHEUNG Kwok-che expressed concern about the large increase in the number of cross-boundary KG students from 3 786 in 2010-2011 to 5 708 in 2010-2011 travelling everyday to attend schools in Hong Kong, and whether there would be adequate primary schools in Hong Kong to accommodate the students a few years later.

6.11 SED responded that in the wake of the judgment of the Court of Final Appeal in the case of Director of Immigration v. CHONG Fung-yuen, the number of children born in Hong Kong and whose parents were not permanent residents of Hong Kong had increased considerably. He said that at the present stage, the Administration could not ascertain the number of these children who would study in Hong Kong a few years later. The Administration, however, noted that according to a recent intention survey report of the Census and Statistics Department (C&SD), it was found that about 50% of these "doubly non-permanent resident children" might be arranged to live and study in Hong Kong at various ages. SED further said that the Administration would consider measures such as redeploying vacant rural school premises in the North District and conversion of existing school

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premises to provide additional classrooms to accommodate more students. At the request of Mr CHEUNG, SED agreed to provide information on the vacant rural school premises that could be redeployed for use if necessary, and the number of additional school places expected to be created.

6.12 Miss Tanya CHAN asked whether the Administration would take proactive measures to assess the number of "doubly non-permanent resident children" who might come to study in Hong Kong in order to facilitate long-term education planning. SED advised that the Administration would consider allocating additional resources for such work, but that the information obtained might not accurately reflect the actual situation as the choice of places of study indicated by the parents concerned might be subject to changes over time.

Impact of declining student population on secondary schools

6.13 Mr CHEUNG Man-kwong highlighted the following situation regarding the number of operating classes, places, students and vacant places in secondary schools –

- (a) the number of schools operating only three Secondary one (S1) classes had increased from 35 in 2010 to 42 in 2011;
- (b) the total number of vacant S1 places was 3 076, mostly in Tuen Mun, Shatin, Eastern District, Southern District and Kowloon City; and
- (c) the total number of S1 students was anticipated to drop from 65 000 in 2012 to 59 000 in 2013, and further to 54 000 in 2016.

Mr CHEUNG considered that in the face of the declining secondary school student population, the Administration should take additional measures, namely implementing small class teaching in the aforementioned districts with a relatively large number of vacant places, increasing the number of teachers of underprivileged schools to enhance their teaching quality, implementing small class teaching in lower band schools, and providing flexibility in the minimum threshold for operation of S1 classes, so as to alleviate the pressure of school closure.

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6.14 SED advised that according to the current projection, a slight rebound of student enrolment might appear after the 2016/2017 school year. The Administration would need to be careful in taking any such decision to implement small class teaching, given the recurrent financial implications and the impact on the provision of school places to meet long term increase in demand. SED said that one possible solution was to allow flexibility in the minimum threshold for operation of S1 classes, so as to ensure that there would be adequate schools to accommodate the rebound of student enrolment in future.

School allocation

6.15 Ms Audrey EU asked about the progress of the school allocation exercise for provision of two primary schools and one secondary school in the Kai Tak Development Area. In this connection, she had sent a letter to SED and his reply was awaited. Deputy Secretary for Education (2) (DS(Ed)2) responded that the two primary school premises in the Kai Tak Development Area had been allocated. After completion of the Resource Allocation Exercise, the Administration would submit funding proposals to the relevant Panel and the Public Works Subcommittee for consideration. As regards the secondary school premises in the Kai Tak Development Area, DS(Ed)2 advised that the Administration would draw up the timetable of a school allocation exercise later in 2012 taking into account the construction timetable of public housing in the area and the reprovisioning needs of existing schools in the districts concerned. The Administration would then announce the timing of the exercise to invite applications. She would reply to Ms Audrey EU's letter separately.

Post-secondary education

Research funding

6.16 Ms Audrey EU expressed concern that in 2010-2011, the total research expenditure on research and development of the University Grants Committee-funded (UGC-funded) institutions accounted for only 0.76% of Hong Kong's Gross Domestic Product, which was the lowest when compared with 11 other economies. She urged the Administration to take measures to improve the situation.

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6.17 SED advised that the Administration planned to inject \$5 billion into the Research Endowment Fund in the 2012-2013 financial year. Of this, the investment income from \$3 billion would provide new research funds for self-financing tertiary institutions to enhance their academic and research development. The investment income from \$2 billion would replace the existing recurrent provision of \$100 million for the Research Grants Council, so as to provide a stable research funding for the UGC-funded institutions.

Youth college

6.18 Mr CHEUNG Kwok-che enquired about the nature of programmes offered by youth colleges and asked whether students who had discontinued schooling for some time could be enrolled in a youth college. Executive Director, Vocational Training Council (ED, VTC) responded that VTC currently ran seven youth colleges offering employment-focused programmes to school leavers at S3 level or above. Students could choose vocational streams that best suited their abilities and interests. Upon completion of the programmes, they could either seek employment or pursue further studies. ED, VTC said that at present, there were some 4 000 students studying in youth colleges. It was planned to set up one more youth colleges to provide dedicated support for non-Chinese speaking students and students with special educational needs, so that they could have suitable opportunities for vocational education and training. The new youth college was expected to provide 420 additional places, and it was initially planned to be set up in Tseung Kwan O.

6.19 Mr WONG Yuk-man enquired about the recurrent expenditure of the existing seven youth colleges. He considered that youth colleges could provide young people with alternative progression pathways outside mainstream education, and asked whether the Administration would consider increasing allocation of resources to enhance support for youth colleges. PS(Ed) advised that the existing seven youth colleges provided a total of 4 440 places of diploma in vocation education and 3 000 places of basic diploma. Regarding the programmes and progression pathways for students of youth colleges, ED, VTC advised that students who had attained a diploma in vocation education award could articulate to the higher diploma programmes currently offered by VTC's member institutions, such as the Hong Kong Institute of Vocational Education. On the recurrent subvention for the existing youth colleges, ED, VTC agreed to provide detailed

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information later. At the request of Mr WONG, she also agreed to provide statistical information on the education and career prospect of the graduates of youth colleges.

Non-local student enrolment at UGC-funded institutions

6.20 Pointing out that the large majority of non-local students enrolled in UGC-funded undergraduate programmes in the past five years were Mainland students, and the number of "other non-local students" for some institutions such as the Hong Kong Baptist University was fewer than 10 each year, Miss Tanya CHAN considered that this was not conducive to promoting the development of education services through internationalization and enhancing Hong Kong's status as a regional education hub.

6.21 SED responded that the Administration had implemented a basket of measures on a gradual basis to promote internationalization of higher education. Such measures included actively promoting student exchange programmes, increasing injections of funds into the Hong Kong Special Administrative Region Government Scholarship Fund and the Self-financing Post-secondary Education Fund to make available more diversified scholarships, as well as enhancing the non-local student quotas of the publicly-funded programmes. He said that given Hong Kong's proximity to the Mainland, it was inevitable that the number of Mainland students enrolled in UGC-funded undergraduate programmes was higher than that of other non-local students.

6.22 Ms Audrey EU expressed similar concern and pointed out that non-local research postgraduates from the Mainland were also far more than local research postgraduates. She asked whether this was due to a lack of local students qualified to study for the relevant courses and what measures would be taken to improve the situation. SED advised that it was mainly because the number of non-local research postgraduates from the Mainland had not been capped. He reiterated that the Administration had implemented measures including the PhD Fellowship Scheme to attract more outstanding local students to enrol in research studies.

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Special education

6.23 Noting that the Administration would extend the School-based Educational Psychology Service (SBEPS) to cover all public sector secondary and primary schools by the 2016/2017 school year, Ms Cyd HO commented that the estimated expenditure of \$36 million was inadequate as the number of schools involved amounted to 852. PS(Ed) clarified that the amount of \$36 million was an estimated additional expenditure. She agreed to provide the total financial provisions for implementing SBEPS in 2011-2012 and 2012-2013. She added that for members' reference, the total expenditure for implementation of integrated education in 2011-2012 was approximately \$1 billion.

6.24 Ms Cyd HO urged the Administration to deploy sufficient manpower to provide assessment for students so as to identify students with special educational needs in early childhood. She noted with concern that in the 2011/2012 school year, three students with moderate intellectual disability were transferred from mainstream schools to special schools at such a late stage that two of them were already studying in Primary 5 (P5) and one in S3 at the time of transfer. Ms HO also highlighted that there were at least two special schools which did not have adequate fireman's access for immediate evacuation of students from the school premises in case of emergency. She urged the Administration to re-provision the schools concerned.

6.25 Deputy Secretary for Education (4) (DS(Ed)4) said that in some cases, students did not have intellectual disability at birth but they suffered from it after accidents or illnesses, and therefore, these students had originally studied in mainstream schools and were later transferred to special schools when the need arose. As regards re-provisioning of some special schools, DS(Ed)4 said that the Administration had stepped up efforts in looking for appropriate sites and the relevant school allocation exercise would be conducted in accordance with established procedures.

Support for students from low-income families

Student guidance service grant

6.26 Referring to the Administration's plan to provide a top-up student guidance service grant for public sector primary schools from the 2012/2013

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school year, Mr LEE Cheuk-yan asked whether it was possible to refine the mode of service by engaging non-governmental organizations (NGOs) to provide after-school homework guidance for eligible students at their schools.

6.27 PS(Ed) advised that there were various existing after-school support programmes which were launched by the Administration in collaboration with NGOs, such as the School-based After-school Learning and Support Programmes. She said that under the Programmes, NGOs were invited to organize or collaborate with schools to conduct community-based projects for P1 to S7 students from families in receipt of the Comprehensive Social Security Assistance or recipients of full-grant assistance under the Student Financial Assistance Scheme. The projects included a wide spectrum of activities such as tutorial service, cultural and art activities, sports, leadership training, voluntary service and visits. She added that the Community Care Fund had also allocated \$40 million to implement after-school support programmes for eligible students. Schools and NGOs were welcome to apply for the funding.

6.28 Miss Tanya CHAN said that the social work sector had expressed the view that the present arrangement of inviting tender once every three years for the Comprehensive Student Guidance Service for primary schools had affected the continuity of service and urged for a review of the arrangement. Miss CHAN further said that the student guidance officer to student ratio should be reviewed and reduced to 1:450 before 2014.

6.29 PS(Ed) advised that to further enhance the student guidance service in primary schools, the Administration would provide a top-up student guidance service grant for public sector primary schools from the 2012/2013 school year. As regards the concerns about the student guidance officer to student ratio, PS(Ed) advised that compared with the ratios of similar service in Australia and the United States, which were in the range of 1:350 to 1:3 800 and 1:200 to 1:800 respectively, the student guidance officer to student ratio of Hong Kong was moderate.

Student financial assistance schemes

6.30 Mr LEE Cheuk-yan asked whether the Administration had come to a view in its consideration of lowering the interest rate and relaxing the standard repayment period of the means-tested living expenses loans for

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student financial assistance. Miss Tanya CHAN also asked whether the risk adjusted factor applied to the non-means-tested loan scheme for post-secondary students would be removed. SED responded that the Administration was still deliberating the issues, and would soon submit a paper on the relevant recommendations to the Panel on Education for discussion.

National education

6.31 Ms Audrey EU said that the expenditure on national education programmes and activities had increased from \$49.2 million in 2009-2010 to \$64.1 million in 2010-2011, and further to \$77.7 million in 2011-2012. However, the number of NGOs commissioned to organize such programmes and activities had decreased from 14 in 2009-2010 to 13 in 2010-2011, and further to seven in 2011-2012. She asked about the reasons for the reduced number of NGOs engaged and the criteria for the selection of NGOs to organize the programmes and activities.

6.32 SED advised that EDB invited through open quotation those NGOs with relevant experience in organizing Mainland learning and exchange activities and programmes. The quotation would be assessed in accordance with the standard store and procurement regulations applicable to all government purchases. At the request of Ms EU, SED agreed to provide a paper on the criteria for the selection of NGOs to organize these programmes and activities to the Panel on Education.

Electronic textbooks

6.33 Mr KAM Nai-wai said that when discussing the implementation of the policy of decoupling textbooks and teaching/learning materials for pricing, the Administration had proposed to issue a recommended electronic textbook list. Under the proposal, the electronic textbooks to be listed were required to be approved by the Administration and the price levels would be subject to price control. The Administration would also subsidize small electronic textbook publishers if necessary. He enquired about the progress of the relevant work and whether funding had been earmarked in the 2012-2013 Budget to provide the relevant subsidy.

6.34 SED advised that the preparatory work for drawing up a recommended electronic textbook list and subsidizing small electronic textbook publishers was being finalized, and a paper on the relevant issues

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would be provided to the Panel on Education for consultation in late April 2012. A funding application on the relevant proposal was planned to be submitted to the Finance Committee in the current legislative session for approval. He added that it was expected that the supply of electronic textbooks would be available in 2013.

International school places

6.35 Ms Audrey EU said that although four greenfield sites were allocated for international school development in 2009 and 3 500 additional school places would be provided from 2012-2013 onwards, the supply of international school places remained insufficient. Noting that the Administration had commissioned in 2011 a study on the provision of international school places, Ms EU asked whether any significant progress would be made in increasing supply. SED responded that based on EDB's information and the latest survey results published by C&SD, the enrolment rate of international schools in Hong Kong was all along not 100% and there were vacant places in these schools. He pointed out that there was a relatively larger demand for school places of international primary schools on the Hong Kong Island than in other areas. SED said that the Administration would continue its effort in identifying suitable sites on the Hong Kong Island for development of international schools. Other measures also included approving applications from existing international schools for using vacant school premises as temporary decanting campuses.

Other issues

6.36 Dr PAN Pey-chyou noted that the Internet Learning Support Programme (ILSP) aimed to help 300 000 needy families to acquire affordable computer and Internet access service, but as at 31 January 2012, only 36 000 families had joined the programme. He asked for the reasons for the low participation rate, and whether the Administration would consider advancing the conduct of the mid-term review of ILSP to assess the performance of the two implementers, namely, the eInclusion Foundation Ltd and the Hong Kong Council of Social Service. Deputy Secretary for Education (6) advised that the implementation of ILSP and the appointment of the two implementers were under the purview of the Office of the Government Chief Information Officer. She agreed to relay Dr PAN's concerns to the Office of the Government Chief Information Officer for a response.

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7.1 At the invitation of the Chairman, Ms Eva CHENG, Secretary for Transport and Housing (STH) briefed members on the financial provisions and Government's major initiatives on housing in the 2012-2013 financial year (Appendix IV-6).

Public housing

Waiting List and supply of public rental housing

7.2 Noting that all the candidates for the election of Chief Executive (CE) had indicated that they would increase the supply of public rental housing (PRH) in order to reduce the waiting time for PRH, Mr WONG Kwok-hing asked if the Administration would get prepared to identify more land for PRH production, and review the target of maintaining the average waiting time (AWT) of general Waiting List (WL) applicants at around three years. Mr LEUNG Yiu-chung also expressed similar concerns. STH advised that according to the Hong Kong Housing Authority (HKHA)'s current Public Housing Construction Programme, the anticipated new PRH production during the five-year period from 2011-2012 to 2015-2016 was around 75 000 flats, averaging about 15 000 flats per year. However, the annual PRH production of 15 000 was not a fixed target. HKHA would continue to monitor the changes in the number of WL applications, and roll forward the Public Housing Construction Programme on a yearly basis having regard to the public demand for PRH. If necessary, HKHA would adjust the level of PRH production and increase supply so as to maintain the AWT of general WL applicants at around three years. She stressed that the target of maintaining the AWT of general WL applicants at around three years was well accepted by the general public.

7.3 Mr LEUNG Yiu-chung was not convinced of the Administration's response. He pointed out that the AWT of three years was only an average figure, and that there were cases where WL applicants had to wait for five to six years before allocation. Besides, the waiting time of younger non-elderly one-person applicants was much longer as their priority for allocation would be subject to the Quota and Points System (QPS). He urged the Administration to conduct a consultation exercise to gauge public views on the AWT for PRH. Mr LEUNG Kwok-hung concurred that the use of an average figure for AWT was misleading and inappropriate. He considered that the Administration should ensure sufficient supply of land

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for PRH production so that all WL applicants would be allocated PRH flats within three years.

7.4 STH responded that in repositioning the housing policy in 2002, the Administration decided that it was unnecessary to adhere to the long-term target of achieving the 70% home ownership rate, and that the housing policy should aim at providing subsidized PRH for those low-income families who could not afford private rental accommodation. Since then, the target of maintaining AWT of general WL applicants at around three years had remained the cornerstone of the housing policy. The target was considered practical and achievable. Among eligible households allocated with PRH flats during the period from July 2010 to June 2011, 70% of eligible WL applicants were given their first housing offer within three years, and 50% within two years. Their AWT was about 2.2 years. It was worth noting that AWT of elderly applicants was even shorter with the implementation of a number of priority housing schemes, including the Single Elderly Persons Priority Scheme, Elderly Persons Priority Scheme and Harmonious Families Priority Scheme. As regards non-elderly one-person applicants, STH said that allocation of flats to these applicants was based on the points they scored under QPS which took account the applicant's age and waiting time. The higher the points the applicants scored, the higher priority for allocation. While the annual allocation quota for non-elderly one-person applicants through QPS was set at 8% of the number of flat to be allocated to WL applicants, the actual percentage was about 15% taking into account allocation through the Express Flat Allocation Scheme.

7.5 Noting that 30% of eligible WL applicants were not given the first housing offer within three years, the Chairman enquired about the reasons for the delay. STH explained that PRH flats were not equally distributed among Urban, Extended Urban and the New Territories (NT) districts. In view of the increase in supply of new flats in the Urban districts in the next few years, WL applicants registered on or before 30 September 2009 were allowed to change their choice of district to Urban. At members' request, the Administration agreed to provide supplementary information on the reasons for the delay for this group of WL applicants.

7.6 Miss Tanya CHAN noted that several hundred hectares of land in NT were currently used for open storage, car parks, container yards and resource recovery areas. She asked if the Administration had looked into

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the feasibility of using these brownfield sites for public housing development. STH said that the Administration was committed to ensuring sufficient supply of land to cater for the demand for PRH. Apart from a series of short, medium and long-term measures to increase land supply, the Administration was exploring new ways to provide land in the long run, including land reclamation and rock cavern development. It was worth noting that a lengthy process (involving rezoning, land resumption, clearance, site formation, infrastructure and supporting facilities provision and local consultation) was required before actual construction of PRH which would take about 36 months. Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) supplemented that there was an internal co-ordinating mechanism within the Administration to monitor land supply for public housing to ensure that the proposed land use could meet the overall development of the society, and that there was sufficient land supply for PRH. Problems which could not be resolved through the internal mechanism would be referred to the Steering Committee on Housing Land Supply chaired by the Financial Secretary.

7.7 Apart from identifying suitable land for PRH, Mr CHAN Hak-kan noted that HKHA would endeavour to optimize the development potential of sites and increase public housing supply by relaxing plot ratio and building height restrictions. He emphasized that in doing so, care should be taken in designing the PRH blocks to avoid "wall effect". Efforts should also be made to ensure adequate supply of ancillary facilities and transport infrastructure to meet the needs of residents. STH said that public housing projects were built according to the plot ratios and building height restrictions as advised by the Planning Department and those laid down in the Outline Zoning Plans. To develop PRH under the principle of optimal utilization of land resources to maintain the most cost-effective and sustainable development, various technical studies would need to be conducted and approval from the Town Planning Board to be obtained to ensure that a higher level of PRH production would not compromise the living environment. Necessary ancillary facilities and transport infrastructure would also be incorporated in the design of public housing development. Deputy Director of Housing (Development and Construction) (DD of H (D&C)) added that air ventilation and micro-climate studies would be conducted in designing PRH blocks to optimize the use of the nature environment such as wind environment, ventilation, daylight and solar radiation, as well as energy consumption. In reply to Mr CHAN's further enquiry on the PRH projects which had their

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plot ratios relaxed as a result of the aforesaid arrangement, DD of H (D&C) said that the plot ratio of the PRH project in Fo Tan had been increased from 2.5 to 5.0 which was on a par with the residential developments within the vicinity. As a result, the number of PRH flats to be provided would be doubled.

7.8 Mr WONG Sing-chi declared that he was an HKHA member. Noting that the majority of new PRH flats to be produced in the coming five years would be in the Urban and Extended Urban districts, he was concerned about the limited supply of new PRH flats in the NT districts, particularly in NT West (such as Yuen Long and Tin Shui Wai), to meet the demand of WL applicants as well as sitting tenants applying for transfer within these areas. Given the broad expanse of NT, he asked if the NT districts could be demarcated into NT East and NT West to cater for the needs of different clienteles, and if extra cost would be incurred for such demarcation.

7.9 In response, STH said that PRH flats were located in four districts i.e. Urban, Extended Urban, NT and Islands. Given the limited supply of PRH flats in the Urban district, applicants who registered on WL after 30 September 2009 could only opt for PRH in the non-urban districts. Special requests from applicants for allocation of PRH in a specific area of their choice would only be considered upon recommendation from the relevant Government departments (e.g. Social Welfare Department (SWD)) or organizations (e.g. the Hospital Authority). PSTH(H) added that the distribution of PRH flats to be produced in the coming five years would hinge on the availability of sites. Of these, about 60% would be in the Urban districts, about 30% in the Extended Urban district, and the remaining 10% in the NT districts. Apart from new PRH flats, some 10 000 to 15 000 PRH flats from different districts would be recovered from the existing stock every year, providing a balanced supply of PRH across the territory. Applicants could indicate the districts of their choices upon registration on WL, and their requests would be accommodated as far as possible.

7.10 Mr WONG Kwok-hing noted that the Hong Kong Housing Society (HKHS) planned to redevelop the Ming Wah Dai Ha with a view to providing more affordable housing flats within its resources. He enquired if the Administration would consider allocating more land to HKHS for development of subsidized housing. STH said that the Administration

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would support HKHS on the redevelopment of Ming Wah Dai Ha which aimed to provide different types of subsidized housing units, including rental flats and flats for the elderly.

Rent payment for PRH tenants for two months

7.11 Mr Frederick FUNG questioned why the rent payment proposal was not applicable to Tai Hang Sai Estate (THSE) which was a private low-cost housing estate owned and managed by the Hong Kong Settlers Housing Corporation Limited (HKSHCL). He pointed out that some of the tenants were rehoused to THSE upon recommendation by HKHA. STH said that HKSHCL was a private non-profit-making organization and THSE was not under HKHA or HKHS. PSTH(H) clarified that HKHA did not recommend any WL applicants to apply for THSE, and THSE tenants were not subject to income and asset limits by HKHA or HKHS. Deputy Secretary for Transport and Housing (Housing) added that HKSHCL had solicited HKHA's assistance in disseminating information on the availability of rental flats in THSE. However, application for flats in THSE by WL applicants was on a voluntary basis.

7.12 Mr LEE Wing-tat were concerned about people residing in bedspace apartments and subdivided flats who fell outside the social security net (including the Comprehensive Social Security Assistance Scheme) who could not benefit from any of the relief measures announced in the 2012-2013 Budget. According to a survey conducted by the Society for Community Organization, the rents of subdivided flats ranged from \$37 to \$66 per square foot. Noting that the Community Care Fund had recently endorsed an assistance programme to provide a one-off allowance to low-income elderly tenants not under the Comprehensive Social Security Assistance Scheme in private housing, he asked if the Administration would consider providing a two-month rent subsidy to those WL applicants who were living in subdivided flats and who had been on WL for a certain period of time.

7.13 In reply, STH said that PRH was considered the most practical means to meet the housing needs of low-income households which could not afford private rental accommodation. These households could register on WL but the waiting time for PRH would depend on various factors, including the need to meet the seven years' residence rule and WL income and asset limits (which were derived based on a "household expenditure"

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approach that comprised the housing and non-housing costs as well as a contingency provision). The review of the WL income and asset limits for 2012-2013 was completed and the outcome had been presented to the Panel on Housing and would be discussed by the Subsidized Housing Committee of HKHA. Notwithstanding, WL applicants who had genuine, imminent and long-term housing needs but were not able to solve the problem by themselves might consider applying for Compassionate Rehousing through SWD, or the Express Flat Allocation Scheme for earlier allocation of PRH flats. Apart from the assistance provided by HKHA and SWD, the Community Care Fund was established to provide assistance to people facing economic difficulties, particularly those who fell outside the social security net or those within the net but who had special needs that were not met.

Subsidized housing

The New Home Ownership Scheme

7.14 Mr KAM Nai-wai opined that the New Home Ownership Scheme (HOS) should have been re-launched long ago to meet the ownership aspirations of the low and middle-income groups. Noting that the first batch of New HOS flats would only be ready for pre-sale in 2014 or 2015, he enquired if efforts would be made to expedite the delivery of New HOS flats. He suggested converting some of the flats under the My Home Purchase Plan (MHPP) to HOS flats if there was lukewarm response to MHPP. STH advised that HKHA had been carrying out preparatory works for the first batch of New HOS projects, including planning, design, site investigation and technical assessment, etc. It was anticipated that the first batch of New HOS flats would be completed in 2016-2017 providing about 2 500 two-bedroom flats with a saleable area of around 40 square metres. These New HOS flats would be ready for pre-sale 18 months prior to completion. She added that the New HOS and MHPP were two separate schemes targeting at different income groups. The objective of MHPP was to help families with a monthly household income under \$40,000 (which had the long-term ability to purchase a flat but did not have enough savings for the down payment) to rent a MHPP flat first at prevailing market rental and save up for their future home purchase plan. Meanwhile, the New HOS was to assist families with a monthly household income under \$30,000. The prices of New HOS flats would be set with reference to the mortgage repayment ability of eligible households and the resale of these flats would

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be subject to a new premium arrangement. In the meantime, HKHS was working on the implementation details of MHPP projects. It was not appropriate to mix MHPP flats with New HOS flats.

7.15 Mr CHAN Kin-por opined that apart from two-bedroom flats, consideration should be given to providing three-bedroom flats under the New HOS to cater for the needs of families of different sizes. He also stressed the need for proper partition even if "no-frills" design was adopted for the New HOS flats. PSTH(H) explained that to expedite the delivery of the first batch of New HOS flats, small-size flats with standardized fitting-out would be provided. While "no-frills" design offered no club houses and fancy lobbies, the fitting out of New HOS flats would be up to the standards of a PRH unit with certain additional facilities. The simple configuration of the New HOS flats would also allow greater flexibility for buyers to set out internal space of the rooms to suit their own requirements. He added that the demand for different types of units and the supply of New HOS flats with various configuration and fittings would be reviewed annually to meet users' needs and aspirations.

My Home Purchase Plan

7.16 Noting that sites had been earmarked for the provision of a total of some 5 000 flats under MHPP, Mr CHAN Kin-por enquired about the time frame for the sale of the last batch of MHPP flats, and whether MHPP would become a long-term subsidized housing scheme. He also enquired about the details of the first MHPP project at Tsing Luk Street of Tsing Yi, as well as the progress of preparatory works for the second project at Sha Tin Area 36C near Siu Lik Yuen. STH said that under MHPP, participants could rent a MHPP flat first at the prevailing market rent and purchase the flat they rented or another flat under MHPP or a flat in the private market using the purchase subsidy equivalent to half of the net rental they had paid during the tenancy period. While the Administration was committed to providing 5 000 MHPP flats, the exact number of flats to be built had to be worked out after the preparatory works for individual projects were completed. To ensure a stable and healthy development of the property market, sufficient land would be provided for an annual production of some 20 000 private residential flats. MHPP flats might not be required when more affordable accommodations were available in the private market for the sandwich class families.

Private housing

Regulating the sale of first-hand residential properties by legislation

7.17 Mr LEE Wing-tat noted that the Administration aimed to introduce the Bill to regulate the sale of first-hand residential properties into the Legislative Council within March 2012. Given the lead time required to set up a Bills Committee, he anticipated that the relevant Bills Committee could only commence work in early or mid-April 2012, leaving only slightly more than two months for scrutiny of the Bill before the end of the current term in July 2012. In view of the tight legislative schedule, he enquired about the measures which the Administration would take to assist the Bills Committee to expedite its work. STH advised that the Steering Committee set up to discuss specific issues on regulating the sale of first-hand residential properties by legislation completed its work and submitted its recommendations in October 2011. Having considered and primarily based on the recommendations made by the Steering Committee, the Administration prepared the proposed legislation in the form of a White Bill for public consultation from late November 2011 to late January 2012. A total of 959 submissions were received. The Transport and Housing Bureau refined the Bill after taking into account the views received during the public consultation exercise. Most of the legislative proposals in the Bill should not be controversial, as various stakeholders and professional bodies had reached a general consensus on the framework of the proposed legislation. The Administration would make every effort to complete the legislative work within this legislative year and would strive to seek Members' full co-operation with the legislative work.

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8.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the part of the Estimates of Expenditure and the priority areas under the transport portfolio in the 2012-2013 financial year (Appendix IV-7).

Land transport

Ad Hoc Quota Trial Scheme for Cross-boundary Private Cars

8.2 Miss Tanya CHAN asked about the measures to be taken in the first phase of the Ad Hoc Quota Trial Scheme for Cross-boundary Private Cars to prevent smuggling of spare parts by drivers of private cars under the quota system. STH responded that under the trial scheme, an applicant must submit to the Transport Department (TD) relevant particulars and supporting documents for applying for the reserved quota and Closed Road Permit. In addition, the Hong Kong General Chamber of Commerce would issue the ATA Carnet as required by the Mainland Customs. STH said that with these supporting arrangements, the Administration was confident that effective enforcement would be carried out against smuggling activities attempted under the trial scheme. She added that the Administration fully understood the public concern and would take forward the trial scheme in a highly controlled and gradual manner.

8.3 In response to the Chairman's enquiry, STH advised that statistical information on prosecutions against vehicles from the Mainland that had violated traffic regulations in Hong Kong had been provided to the Panel on Transport for members' reference.

Rationalization of utilization of the three road harbour crossings

8.4 Mr Andrew CHENG said that Members belonging to different political parties/affiliations had long been pressing for long-term solutions to the problem of uneven traffic distribution among the three road harbour crossings (RHCs), including the option of buying-back the Western Harbour Crossing (WHC). He enquired about the time the matter was last discussed by the Executive Council (ExCo) and the Administration's considerations of not buying back WHC.

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8.5 STH replied that ExCo had not discussed buying back WHC as the option would involve huge capital outlay or loss in revenue for the Government, which amounted to subsidy to WHC users by public funds. Besides, the franchisee concerned would likely demand premium in exchange for the agreement to buy-back. The negotiations would inevitably be extremely difficult and complex, and likely to be protracted. STH said that the consultancy study on how to improve the distribution of traffic among the three RHCs had also suggested that there were other viable options apart from the buy-back option, which included providing toll rebate to tunnel users and toll adjustments.

8.6 Mr Andrew CHENG said that it was regrettable that the buy-back option had not been discussed by ExCo. He urged the Administration to map out effective measures to address the uneven traffic distribution among RHCs. STH explained that according to the consultants' findings, the uneven traffic distribution among the three RHCs could not be resolved by any single measure such as buying back WHC. The Administration was considering various options to improve traffic distribution and to adjust the tolls of the three RHCs in order to regulate the traffic flows at RHCs effectively. She said that views received during the public consultation had shown that the option of "toll increase at the Cross-Harbour Tunnel and toll reduction at the Eastern Harbour Crossing" was considered generally acceptable to the public, but careful consideration had to be given to minimizing its impact on the operating cost of commercial vehicles. She did not agree that buying back WHC was the best option.

Impact of prevailing volatility of Liquefied Petroleum Gas prices on taxi drivers

8.7 The Chairman sought the Administration's response to taxi drivers' complaints about the volatility of Liquefied Petroleum Gas prices and their suggestion of collection of taxi fuel surcharge. STH responded that the Administration acknowledged that the fuel price increase had created pressure on the trade's operating costs. She pointed out that taxi fare adjustment (including surcharges) was governed by the mechanism enshrined in the relevant legislation and would require the approval of the Chief Executive-in-Council. It would be more appropriate for the taxi trade to make use of the existing fare adjustment mechanism instead of a fuel surcharge to reflect the cost increases. STH explained that the fare adjustment mechanism had the benefit of taking into account not only fuel

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price increase, but also revenue and other cost components, such as changes in repair and maintenance costs. The Government would conduct a comprehensive assessment of the taxi trade's operating conditions. She added that the Administration would explain the situation to the trade.

8.8 Commissioner for Transport supplemented that TD had implemented a package of measures to improve the operating environment of the taxi trade. Such measures included approving taxi fare increase in 2011, extending the relaxation scheme for "peak-hour" and "7 am to 7 pm" no stopping restrictions on roads with speed limits less than 70 kilometres per hour for taxis for 12 months, and adding new taxi pick-up/drop-off points.

Railway service

8.9 Mr WONG Sing-chi highlighted that the number of passenger journeys of railways had recorded a considerably large increase of about 200 million from 2007 to 2011, whereas that for other transport modes (except public light buses) had all recorded a decline. He asked whether any measures could be taken to ease the crowded situation on the platforms in some interchange stations, such as the Admiralty Station and Kowloon Tong Station, during peak hours. He said that notwithstanding the huge profits made by the MTR Corporation Limited (MTRCL) each year, the occurrence of railway incidents was still frequent and the Corporation had yet to retrofit automatic platform gates (APGs) at stations on certain lines to enhance railway safety. Highlighting the frequency of railway incidents, he asked whether consideration would be given to imposing penalties on MTRCL and requiring it to offer compensations for the affected passengers.

8.10 STH said that with an aim to seek further improvements in the inspection and maintenance of its rail asset, MTRCL had engaged a team of overseas experts on rail technology in 2011 to conduct a comprehensive review of MTRCL's rail procurement, quality control, inspection and maintenance regime. The review findings and recommendations had been reported to and discussed by the Subcommittee on Matters Relating to Railways. To improve the handling of railway incidents, MTRCL had also taken improvement measures such as establishment of the Customer Service Rapid Response Unit and effective deployment of the emergency bus services. The number of maintenance staff of MTRCL had also increased by about 10% from 2001 to 2010. As regards punitive action taken against

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MTRCL in the wake of serious railway incidents, STH said that after the serious Tsuen Wan Line service disruption on 21 October 2010, she had served a notice to the then Chief Executive Officer of MTRCL stating that the Administration took a serious view of MTRCL's handling of the incident, and that any failure of a similar scale and/or nature in the future could lead to punitive action to be taken under the Mass Transit Railway Ordinance (Cap. 556).

8.11 As regards concerns about the crowded situation on platforms of MTR station, STH said that the problem could be improved by purchase of additional trains with a view to increasing the train trips and boosting the capacity for accommodating more passengers. On the installation of APGs, STH said that MTRCL had devised plans to retrofit APGs on the East Rail Line and the Ma On Shan Line, and had reported the progress to the Subcommittee on Matters Relating to Railways.

Review and update of the Railway Development Strategy 2000

8.12 Mr WONG Sing-chi requested the Administration to provide an interim report on the Railway Development Strategy 2000 (RDS 2000), including progress of review of the Northern Link, to the Subcommittee on Matters Relating to Railways for discussion. He also asked whether the review covered railway development in North District to meet the traffic demand arising from the opening up of the Frontier Closed Area.

8.13 STH said that the Administration would consult the Subcommittee on the findings of an interim report of RDS 2000 at its meeting on 11 May 2012, including a review update of the Northern Link. Deputy Secretary for Transport and Housing (Transport)1 (DS(T)1) explained that the review and update of RDS 2000 sought to review the future planning of the railway network, taking into account impact of various factors, such as the planning of New Development Area, so as to meet the transport need up to year 2031. DS(T)1 added that railway development needs for the New Territories were also covered in the review study.

Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link

8.14 Mr LEUNG Kwok-hung asked about the progress of discussion with the Mainland authority on the arrangements for co-location of boundary control facilities in the West Kowloon Terminus of the Hong

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Kong section (HKS) of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). STH explained that arrangements for co-location of boundary control facilities in the West Kowloon Terminus involved complicated legal and constitutional issues which required careful study. The Administration had set up an internal inter-disciplinary task force to study the co-location arrangements for XRL and discuss with the relevant Mainland authorities.

8.15 Referring to the recent accidents of XRL in the Mainland cities, Mr LEUNG Kwok-hung asked whether HKS of XRL could still connect Hong Kong with various parts of the Mainland and if not, whether the economic benefits of HKS of XRL would be greatly undermined. STH explained that while there were adjustments to the construction schedules of the national high-speed rail network, the development plan of the "four vertical and four horizontal" national high-speed railway lines remained unchanged. The two passenger lines, namely the Beijing-Guangzhou Passenger Line and the Hangzhou-Fuzhou-Shenzhen Passenger Line, linking up HKS of XRL with various major Mainland cities, were being developed full steam.

Air services

Construction of a third runway

8.16 Noting that the Administration was considering the Airport Authority Hong Kong's (AAHK) recommendation of adopting the three-runway system as the blueprint for development, Mr KAM Nai-wai asked when a progress report would be made to the Legislative Council (LegCo). He also enquired about the timetable for taking forward the related planning work, such as the statutory environmental impact assessment (EIA) and the financial arrangements.

8.17 STH said that AAHK had recommended adopting the three-runway system as the blueprint for development in end 2011, and the Administration was currently studying the recommendation. She said that subject to the approval in-principle of the Chief Executive-in-Council to adopt AAHK's recommendation, the planning work (including the statutory EIA, the associated design details, and the financial arrangements) would be undertaken as the next stage of work. She added that the relevant EIA was expected to take about two years to complete, and additional manpower

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resources would be needed to proceed with the planning relating to the three-runway option. The Administration would report the details of the next stage of work to the relevant LegCo Panel before the end of the current session.

8.18 Mr KAM Nai-wai said that the public were concerned about which organization would be appointed to conduct the EIA for the third runway. As the EIA report, when completed, would be submitted to the Director of Environmental Protection for endorsement, the EIA should not be conducted by the Government to uphold impartiality and credibility of the study findings. He asked whether the Administration would consult LegCo and engage the public on the matter before taking a decision. STH explained that irrespective of what organization was to be appointed to conduct the EIA, all EIAs had to be conducted strictly in accordance with the requirements and standards laid down under the Environmental Impact Assessment Ordinance (Cap. 499). She added that AAHK had conducted wide public consultation which indicated majority support for early construction of the third runway. The Administration would listen to the views of the stakeholders in taking forward the necessary planning work.

8.19 Mr LEUNG Kwok-hung considered that the capacity of Hong Kong International Airport (HKIA) had not yet reached its full maximum in handling passenger and air cargo throughput and also there had not been much growth in service demand at HKIA. He therefore questioned the need to construct the third runway and why the option of expanding the existing two runways was not considered first.

8.20 STH responded that, except for the one to two years facing the global financial turmoil, there had been enormous growth in air traffic at HKIA. She pointed out that AAHK was already carrying out a midfield expansion project to maximize the use of the two existing runways and to increase the handling capacity of HKIA. Despite such expansion, AAHK forecasted that the handling capacity of HKIA's two-runway system would reach its full capacity around 2019 to 2022. STH explained that since major infrastructural projects from planning to implementation took years to complete, it was high time for the Administration to plan for the development of the three-runway system in order to cope with the future air traffic demand. She further said that there was a strong economic case for the construction of a third runway for HKIA, and expanding HKIA's capacity would generate considerable economic benefits to Hong Kong and

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boost its air connectivity, competitiveness and economic growth. She added that the adoption of the three-runway system would increase the direct employment on the airport island to 141 000.

8.21 Mr LEUNG Kwok-hung said that the Civil Aviation Administration of Guangdong was considering relaxing the permitted flight levels to enhance the airspace for aircrafts landing in Guangzhou. He asked whether this factor had been taken into consideration in estimating the runway capacity of HKIA.

8.22 STH advised that the prevailing flight levels in Guangdong was not a constraint to the runway capacity of HKIA. In fact, the Civil Aviation Department (CAD) had been discussing with the relevant authority of Guangdong to enhance the Pearl River Delta (PRD) airspace. Director-General of Civil Aviation (DG of CA) explained the arrangement and operational considerations regarding the present flight levels assignment scheme for traffic flying into PRD airspace. He said that in the past eight years, 17 meetings had been held between CAD and the relevant authorities of the Mainland for rationalizing and enhancing the PRD airspace management. Enhancement measures in these respects were being introduced progressively and further airspace improvements would be expected in the coming years.

Flight delays

8.23 Mr Paul TSE expressed concern about the increased tendency of passenger flight delays exceeding 15 minutes at HKIA over the past three years. He enquired whether the flight delays mainly involved Mainland aircrafts and whether the percentage of flight delay was regarded serious when compared with that of overseas places. Noting that there was a recent spate of flight delays which had given rise to complaints or disputes, he asked whether the Administration had measures in co-ordinating and handling such complaints or disputes with a view to safeguarding the reputation of the tourism industry of Hong Kong. He also asked about the cost of compensation incurred by the airlines due to flight delays and enquired whether the Administration had collected information in this regard.

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8.24 STH said that the Administration did not have information on the compensations in case of flight delays as these were contractual issues between the airlines and the passengers which in general should be settled by the two parties through negotiation. Passengers affected by flight delay could also consider lodging complaints to the Consumer Council. DG of CA supplemented that flight delays might be caused by various factors such as inclement weather and flight route congestion. For delays caused by flight route congestion, available information showed that such delays mostly involved aircrafts departing for the Mainland. As regards the percentage of passenger flight delays of more than 15 minutes at HKIA, DG of CA said that it was broadly comparable to those of other international aviation hubs. He added that CAD would provide the most effective, efficient and safe air traffic management for aircraft flying at the time and did not have information on the cost implications of flight delays incurred by the airlines concerned.

Maritime and logistics development

8.25 Referring to the preliminary feasibility study of developing Container Terminal 10 (CT10) at Southwest Tsing Yi, Mr LEE Wing-tat considered that, given the scarcity of land in the urban area, the proposed location in Southwest Tsing Yi might better be used for public housing whereas the proposed CT10 could be built on some remote sites.

8.26 STH explained that in exploring suitable sites for the development of CT10, consideration had to be given to technical feasibility, impact on ecology and operational efficiency to enhance competitiveness of the container terminal. Hence, the Administration was conducting the feasibility study of the development of CT10 at Southwest Tsing Yi because of its proximity to Kwai Chung Container Terminals. STH added that alongside with the above preliminary feasibility study, the Administration would also examine the need for an additional container terminal for Hong Kong Port in the light of information and data on the forecasts on container throughput of Hong Kong in the medium and long-terms.

8.27 On promoting Hong Kong as a major international maritime centre, Ms LI Fung-ying opined that apart from the development of container terminals, the Administration should attach equal importance to the training of sea-going officers and dockyard technical staff in order to enhance support for the maritime and dockyard industries.

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8.28 STH responded that over the years, the Administration had provided about \$29 million through various scholarship/training incentive schemes to nurture over 600 workers and students for serving various maritime services. Director of Marine (D of M) supplemented that the Sea-going Training Incentive Scheme was introduced in 2004 to provide sponsorships and internship opportunities to attract youngsters to the sea-going career. The Scheme had attracted over 190 participants of whom 92 had successfully completed the training and attained the relevant professional qualifications. Apart from manpower training, STH pointed out the Administration also attached importance to enhancing supportive measures, such as the installation of the On-Board Trucker Information System on trucks to encourage the logistics industry to employ e-logistics solutions and to improve the information connectivity among truckers and other stakeholders. Besides, as one of the world's major maritime centres, Hong Kong also excelled in the provision of maritime arbitration service. She added that there were many experienced maritime service providers operating in Hong Kong, providing a wide range of maritime services ranging from ship owning/management, broking, financing, insurance, maritime arbitration, etc.

Other issues

Voluntary registration scheme for vehicle mechanics

8.29 Ms LI Fung-ying pointed out that under the voluntary registration scheme for vehicle mechanics, each registration was valid for only three years and renewal was required. She asked whether the Electrical and Mechanical Services Department had examined why only 3 739 of the 5 524 applications for registration (and which had been issued with certificates) in 2008 had applied for renewal in 2011. STH agreed to relay Ms LI's enquiry to the Electrical and Mechanical Services Department for provision of the requested information.

Cross-boundary sailing scheme for pleasure vessels

8.30 Referring to some press reports on a cross-boundary sailing scheme for pleasure vessels, Mr WONG Kwok-hing expressed concern about the social and security impacts of such a scheme and whether it would aggravate the problem of "doubly non-permanent resident pregnant women"

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entering Hong Kong. He asked whether the Guangdong and Hong Kong governments had discussed the issues and what the current position was. Miss Tanya CHAN shared Mr WONG's concerns about the impacts on Hong Kong, especially those on immigration and customs control. She asked whether public consultation would be conducted on any proposal for cross-boundary sailing for pleasure vessels. Mr Andrew CHENG pointed out that there were opposition views in the community against the proposal, and the Administration should provide LegCo with details of any feasibility study conducted on the proposal.

8.31 STH said that in late 2011, the Guangdong government proposed to engage Hong Kong side in exploratory discussions on a pilot scheme for cross-boundary sailing for pleasure vessels. It was agreed that the working level of the relevant departments of both sides would first conduct preliminary exchanges. STH further said that the Administration was mindful of the possible and potential impact of the proposal on Hong Kong and the need for supporting arrangements. She agreed that before policy formulation, the Administration would listen to the views of stakeholders and LegCo.

8.32 In response to Mr WONG Kwok-hing's request, STH said that should there be further details of the proposal for cross-boundary sailing of pleasure vessels, the relevant LegCo Panel would be consulted before policy formulation. The Chairman urged the Administration to convey the concerns expressed by the public and LegCo Members to the Guangdong government so that such views would be taken into full consideration in the course of discussion.

8.33 In response to the Chairman and Mr KAM Nai-wai, STH agreed to provide a paper on the subject to the Panel on Transport.

(Post-meeting note: The Administration subsequently advised that the subject was related to maritime matters, and an information note (LC Paper No. CB(1)1376/11-12(01)) on the subject was provided to the Panel on Economic Development for members' reference.)

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9.1 The Chairman welcomed the representatives of the Administration Wing, Audit Commission, Chief Executive's Office, Independent Commission Against Corruption, Legislative Council Secretariat and the Office of the Ombudsman to attend the session.

Chief Executive's Office

Duty visits of the Chief Executive

9.2 Miss Tanya CHAN noted that the expenditures involved in duty visits made by the Chief Executive (CE) had been on the rise and the amount of expenses was much higher than that incurred by the former CE. She cited the trip led by CE to commemorate the 60th anniversary of the People's Republic of China (PRC) in Beijing in 2009 for which the expenses were more than \$780,000. As CE had tentative plans to make two more official visits, one to Japan and the other to New Zealand, Chile and Brazil between April and June 2012, Miss CHAN enquired about existing guidelines or criteria on conduct of CE's duty visits, such as assessment on the need for conducting visits, the number of entourage members for a visit, and the cost estimate. She also asked if such information was open to the public.

9.3 Permanent Secretary, Chief Executive's Office (PS, CEO) advised that CE had made ten duty visits outside Hong Kong in 2011-2012 compared with 14 in 2010-2011. The expenses for a visit would depend on the destinations and other factors such as whether the accommodation and passage would be sponsored by the host countries/regions. Since visits were made by CE in 2011-2012 to relatively more distant destinations and with higher costs of living including Australia, Belgium, Switzerland, the United Kingdom and the United States of America, the expenditure incurred in particular on air passage and hotel accommodation would inevitably be higher than those to destinations with a shorter distance from and lower costs of living than Hong Kong. As regards the 60th anniversary of PRC in 2009, PS, CEO explained that CE had led a delegation of over 200 guests comprising various sectors of the community to attend celebration events in Beijing. To undertake the co-ordination arrangement for such a large delegation, the Chief Executive's Office had deployed a total of 12 staff members to support CE as well as to provide logistical support for the delegates. Given the scale of the visit and the number of staff members involved, the expenses for this visit were higher compared with other duty visits.

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9.4 On the plans and arrangements for CE's duty visits, PS, CEO advised that the Chief Executive's Office would work out an annual plan of official visits for consideration and approval of CE. Some of these visits were to promote Hong Kong or to enhance bilateral relations between Hong Kong and the places of visit, while some other visits were made in response to invitation. Among these, the annual Asia-Pacific Economic Co-operation Leaders' Meeting was attended by CE each year.

9.5 With regard to the entourage members in CE's official visits, PS, CEO said that CE would usually be accompanied by his wife whose official expenses would be funded by public money. Depending on the nature and scale of the duty visits, other entourage members might include Director of the Chief Executive's Office, Private Secretary to the Chief Executive or Deputy Private Secretary to the Chief Executive, two to three press officers and a security officer. Although there were no written guidelines or criteria on the conduct of CE's duty visits, appropriate arrangements would be made having regard to the circumstances of each visit.

9.6 Mr Paul TSE enquired about the passage and security arrangements for CE's duty visits and private holidays. PS, CEO advised that CE was entitled to first class air passage for official visits outside Hong Kong. The Hong Kong Police Force (HKPF), which was responsible for overall security protection for CE, would conduct security risk assessments and determine the appropriate security measures and number of accompanying security officers for the visit. In general, one security officer would be deployed to provide round-the-clock personal protection services to CE no matter he was on duty visits or private holidays. The exact number of security officers to be deployed for such purposes would be determined by HKPF on each occasion. Any travelling expenses, accommodation and subsistence allowance incurred by the security officer in connection with the performance of his duties would be covered by the Government.

9.7 Mr KAM Nai-wai enquired whether the security officer accompanying CE would be allowed to upgrade to first class air passage. PS, CEO explained that the security officer would be provided with duty passage on economy class in general and travel on higher classes might be allowed on long-haul flights. On the occasion that the security officer was

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required to travel in a private jet, the amount to be reimbursed by the Government was the price of an equivalent economy class air passage by a commercial airline.

9.8 Referring to recent incidents of CE travelling on his friend's private jet or yacht, Ms Audrey EU enquired about the payment arrangement for the security officer accompanying CE during the trip. In response, PS, CEO confirmed that, since 2008, CE had travelled to and from Macau on yachts twice and also by private jets twice for round trips to Phuket, Thailand and Japan on holidays. In respect of the trip to Thailand, the travelling expenses of the security officer paid by the Government was \$2,950, which was the actual cost of a return economy class air passage to and from the destination concerned. Approval was given by the Chief Executive's Office for the security officer to accept the sponsorship of air passage. In the same trip, the security officer had also obtained approval to accept sponsorship for his accommodation in the private yacht of CE's friend. While the Government had made payments equivalent to economy class airfares for the accompanying security officer for the trips to Thailand and Japan, no payment was made for the two trips to Macau in consideration that the Hong Kong-Macau ferry fares were not substantial and that the yacht owners had declined the payment.

9.9 The Chairman requested the Administration to provide information on the guidelines/documents issued by the Government regarding acceptance of sponsorship by a public officer on duty outside Hong Kong offered by individuals or organizations, in cash or in kind, covering passage, accommodation, meals or other expenses incurred by the officer during the duty trip. PS, CEO undertook to provide the information.

Acceptance of hospitality and entertainment by the Chief Executive

9.10 Ms Audrey EU said that following recent revelation in a news article about CE's acceptance of hospitality and entertainment during his personal trip to Macau in December 2007, the Civic Party had written to the Chief Executive's Office on 23 February 2012 requesting for information on the various hospitality or entertainment received by CE over the years, and a reply was still awaited. PS, CEO replied that the Administration was gathering the relevant information and would respond to the Civic Party in writing.

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9.11 Mr James TO noted that the Independent Commission Against Corruption (ICAC) would follow up the cases concerning CE's acceptance of hospitality and entertainment. Given that according to the Basic Law, the Commissioner of ICAC was to be nominated by CE for appointment by the Central People's Government (CPG), he was concerned about impartiality of ICAC in following up these cases.

9.12 PS, CEO responded that the Commissioner of ICAC was required to discharge his duties in accordance with the law. The duties of the Commissioner included, amongst others, investigation of any complaints alleging corruption practices as he considered practicable in strict confidence. The independence of ICAC and that of the Commissioner in carrying out their respective duties without interference from anyone including CE, was clearly provided under the Basic Law and the Independent Commission Against Corruption Ordinance (Cap. 204). Upon completion of investigation, ICAC would make a report directly to the Secretary for Justice for consideration of prosecution. PS, CEO stressed that the appointment of the Commissioner of ICAC was a separate matter entirely independent of ICAC's handling of corruption complaints and launching investigations. Mr James TO requested PS, CEO to confirm in writing after the meeting whether CE would still exercise his power to make nomination to CPG for appointment of the Commissioner when CE was under investigation by ICAC. PS, CEO noted the request.

9.13 Dr Margaret NG enquired about the officer responsible for overall management of records in the Chief Executive's Office, the professional qualifications required of the post, and whether the officer would be required to keep a registry of advantages, and sponsorships and benefits received by CE from individuals or organizations.

9.14 PS, CEO advised that the Chief Executive Officer (Administration) (CEO (Admin)) was tasked to manage and oversee record keeping of the Chief Executive's Office. There were staff members to assist CEO (Admin) in creating and keeping records by category in accordance with records management requirements of the Government. Records were maintained on the details and costs of CE's official functions and activities. CEO (Admin) supplemented that while records of CE's official functions and activities were kept in the file registry which was under his supervision, information on private activities or functions of CE was handled by CE's personal secretary and such records was not kept in the registry.

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Independent Commission Against Corruption

Investigation of corruption complaints against the Chief Executive

9.15 Referring to the recent media coverage about CE's accepting hospitality and entertainment from tycoons, Mr LEE Wing-tat enquired whether acceptance of hospitality and entertainment by a public officer was also subject to the Prevention of Bribery Ordinance (Cap. 201) (POBO).

9.16 With reference to recent reports that ICAC had announced it had commenced an investigation on the CE, Commissioner of ICAC clarified that it was the established policy of ICAC not to comment on individual cases. According to section 30 of POBO, any person who, without lawful authority or reasonable excuse, disclosed the identity or other information about a person under investigation or details of an investigation would commit an offence. Director of Investigation (Private Sector), ICAC (D/PS, ICAC) added that in accordance with section 12 of the Independent Commission Against Corruption Ordinance (Cap. 204), ICAC would receive and consider any complaint alleging corrupt practices, and investigate such complaints as appropriate by invoking the powers conferred by the law. It was the established procedure of ICAC to seek legal advice from the Department of Justice (DoJ) on whether or not to institute prosecution if evidence of the commission of offences was revealed during the investigation. ICAC would also be required to report to the Operations Review Committee (ORC) the progress and results of all investigations.

9.17 D/PS, ICAC further explained that whether or not acceptance of hospitality and entertainment by public officers would amount to an offence under POBO would depend on what evidence was unravelled during the investigation and DoJ's advice. It would be inappropriate to conclude generally whether or not any such kind of acceptance would constitute an offence under POBO.

9.18 Ms Audrey EU noted that while section 3 of POBO was not applicable to CE, CE could be subject to prosecution for the common law offence of "Misconduct in Public Office" (MIPO). She enquired whether acceptance of extravagant hospitality and entertainment by CE or any other person occupying public office would constitute an offence of MIPO even though there might not be sufficient evidence of any transfer of interests.

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9.19 In response, Commissioner of ICAC clarified that subsequent to the amendments made in 2008, sections 4, 5 and 10 of POBO were also applicable to CE. The Court of Final Appeal had in a judgment set out the elements constituting the offence of MIPO. One of the elements was whether the misconduct in question was serious. Commissioner of ICAC said that whether the misconduct was serious was a legal question and ICAC would not be in a position to comment. D/PS, ICAC added that whether or not acceptance of lavish hospitality and entertainment by a public officer was an offence under the common law should be considered on a case-by-case basis. Following the established practice, ICAC would collect and consider the evidence in its entirety and seek legal advice from DoJ as regards whether or not prosecution should be instituted.

Declaration and handling of conflicts of interests within ICAC

9.20 Mr KAM Nai-wai referred to an earlier complaint lodged to ICAC urging for an investigation on whether CE had breached POBO by accepting hospitality and entertainment by tycoons. Noting that the Commissioner of ICAC was acquainted with one of the tycoons, he enquired about the checks and balances adopted by ICAC to handle possible conflict of interest of its staff. Commissioner of ICAC explained that to uphold the independence and impartiality of ICAC investigations, all ICAC staff including the person holding the office of the Commissioner of ICAC were required to report and declare any possible interest in cases that might influence, or appear to influence, the performance of their duties. The staff concerned might, depending on the circumstances, be required to refrain from handling such cases and would not be informed of any details of the investigations.

9.21 Commissioner of ICAC stressed that as Commissioner, he would not personally be involved in investigative work. Head of Operations, ICAC (H/Ops, ICAC) was the officer in overall command of all investigations. The Commissioner of ICAC would forward a declaration in writing to H/Ops, ICAC in case of any possible conflict of interest. H/Ops, ICAC was required to report regularly to ORC the progress and results of investigations conducted by ICAC to ensure that all corruption complaints were handled properly. As the Commissioner of ICAC was one of the ex-officio members of ORC, he might have to refrain from taking part in discussion of cases over which he had or might have conflict of interest, and from receiving any relevant documents. These arrangements were also

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applicable to other ORC members. In this connection, Commissioner of ICAC said that he had made declarations of possible interests and had, after consultation with ICAC colleagues or even the ORC Chairman, refrained from taking part in discussion of cases at ORC meetings before. As requested by Mr KAM Nai-wai, Commissioner of ICAC agreed to provide information on the number of declarations of possible interests he had made on cases handled by ICAC, and the number of cases he had sought advice from the ORC Chairman on whether he should refrain from such cases having regard to his possible interests in such cases, which might or might be seen to have conflict with his statutory duties.

Allegations of vote-rigging in the 2011 District Council Election

9.22 Mr KAM Nai-wai enquired about the progress of investigation conducted by ICAC on cases of alleged vote-rigging in the District Council (DC) Election held in 2011. He also asked if there were adequate resources for undertaking investigations of electoral malpractice in order to restore public confidence in the electoral system.

9.23 Commissioner of ICAC advised that ICAC had received quite a number of election-related corruption reports after the 2011 DC Election. As of early March 2012, ICAC had received 2 058 corruption reports concerning the 2011 DC Election, 1 578 of which were related to vote-rigging. In view of the large number of vote-rigging complaints received, ICAC had established a special taskforce under its Operations Department and deployed additional manpower to investigate these cases. D/PS, ICAC supplemented that out of the corruption reports received, 2 010 were pursuable cases with 1 578 alleged vote-rigging offences involving more than 1 600 residential addresses and over 3 000 electors. During its enquiries, it was found that 4 685 registered electors, involving 1 847 residential addresses, had not cast their votes in the election. While these cases had been referred to the Registration and Electoral Office or HKPF for follow-up, ICAC was focusing on those cases in which the 3 565 registered electors had cast their votes in the election and had allegedly engaged in corrupt conduct with respect to voting at an election under section 16 of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554). Commissioner of ICAC supplemented that 62 persons had so far been arrested, and prosecution on 15 persons for vote-rigging and related offences had been initiated.

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9.24 In response to Mr LEE Wing-tat's enquiry about the establishment of the special taskforce, D/PS, ICAC advised that the taskforce comprised 21 officers including one Principal Investigator, two Chief Investigators, nine Senior Investigators / Investigators and nine Assistant Investigators. Noting the substantial number of vote-rigging complaints received and the limited manpower of the special taskforce, Mr LEE expressed concern about the time required for completing the investigations. D/PS, ICAC explained that of the 1 578 suspected vote-rigging cases, two were concluded without evidence of vote-rigging, and 775 cases had their investigations completed also without evidence and would be submitted to ORC for consideration. About 800 cases were still under investigation by ICAC. It was expected that ICAC would complete investigation of these remaining cases in the coming two to three months, before the Legislative Council (LegCo) Election to be held in September 2012. The Chairman remarked that ICAC should make necessary deployment of manpower and seek additional resources to expedite its investigation work if necessary.

Government Records Service

9.25 Referring to the case of Mr LEUNG Chun-ying's involvement as a Member of the Jury in the West Kowloon Reclamation Concept Plan Competition in which it was found that no records were maintained on certain matters or some records were disposed of, Dr Margaret NG expressed concern about the handling and preservation of Government records by the Government Records Service (GRS). Noting that GRS had only proposed to create 21 posts in 2012-2013, Dr NG expressed grave concern about inadequate manpower in GRS and the lack of professional qualifications of its staff affecting the proper management and preservation of Government records.

9.26 Director of Administration (D of Admin) advised that the Administration attached great importance to records management and would proactively follow-up on the various recommendations in the Director of Audit's Report in 2011. She said that GRS had a current establishment of 85 including staff of Archivist Grade and Curator Grade. Staff members in both grades were required to meet specified qualification requirements. The 21 additional posts to be created in 2012-2013 would comprise Archivist Grade posts. According to the distribution of work in GRS, Archivist Grade staff would undertake duties on the management of archival records while Curator Grade staff was responsible for conservation and

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preservation of archival records. To enrich the professional knowledge and expertise of its existing staff and the new recruits, GRS would arrange appropriate training for staff from time to time. In the light of recommendations of the Audit Commission, GRS would assist bureaux and departments to manage their records in accordance with established Government guidelines and procedures, and monitor their implementation of mandatory requirements on the creation and management of records.

9.27 Expressing disappointment at the lack of professional qualifications of GRS staff in records management, Dr Margaret NG suggested that the Administration should recruit persons with professional qualifications in records management to formulate and implement policy for the overall management of government records and other archival records. D of Admin explained that all Archivist Grade staff in GRS at present possessed a post-graduate Diploma in Archives Administration or equivalent qualifications. Nevertheless, she took note of the suggestion of Dr NG.

Efficiency Unit

Development of mobile applications

9.28 Mr LEE Wing-tat noted that some of the Government departments, such as the Food and Environmental Hygiene Department and the Transport Department, had developed mobile applications to deliver their services to the public. In view of the increasing popularity of smart phones in Hong Kong, Mr LEE enquired about the development of mobile applications for departments' services and whether the Efficiency Unit (EU) would consider collaborating with the Commerce and Economic Development Bureau to set a target for all Government departments to launch their mobile applications in 2012-2013. He also asked whether the existing Government mobile applications were provided in both Chinese and English.

9.29 Head, EU responded that currently, some 26 Government departments had launched mobile applications and about another 30 had mobile versions of their websites in place. Acknowledging the benefit of enhancing public access to government information and services through further development of mobile applications, he said that the Office of the Government Chief Information Officer was promoting further mobile applications across the Government and a number of Government departments had also indicated interest in developing their own mobile

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applications. With the encouragement of the Government Chief Information Officer, some of the Government departments had already taken on board the initiative to launch mobile applications and the others had made their websites mobile-friendly. For EU, he advised that mobile applications, namely, Tell me@1823 and Youth.gov.hk had been launched. To facilitate the delivery of mobile public services, EU was willing to share its experience gained from Youth.gov.hk in relation to the use of internet amongst the younger generation with other Government departments and non-governmental organizations.

Audit Commission

9.30 Noting that the Audit Commission had conducted value-for-money audit on the Hong Kong Monetary Authority (HKMA) in the past, Mr Paul CHAN enquired about the subjects included in HKMA's audit and whether the audit had covered the investments made by HKMA. He also enquired why the Audit Commission had not conducted any value-for-money audit on the Securities and Futures Commission (SFC) while it was among the organizations subject to audit by the Audit Commission.

9.31 Director of Audit responded that apart from annual financial audit conducted on HKMA's accounts in accordance with relevant statutory requirements, HKMA had also been selected for value-for-money audit in 1998 and the audit was concerned with the construction of the Hong Kong Exhibition and Convention Centre. He advised that in selecting and prioritizing subjects for conduct of value-for-money audits, the Audit Commission would take into account factors such as timeliness, materiality, auditability and value-added. Given the wide spectrum of the activities of the Government and other public bodies and having regard that the major sources of income for SFC were its levies, fees and charges and not Government funding, the Audit Commission had not accorded priority for conduct of value-for-money audit on the organization. While respecting the Audit Commission's autonomy in selecting subjects for conduct of value-for-money audits, Mr Paul CHAN urged the Audit Commission to consider carrying out audit for SFC given its important functions and influential position in the securities and futures markets in Hong Kong.

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Administration Wing

9.32 Mr Paul TSE enquired about the expenses for the relocation of Government offices and the LegCo to Tamar, and expenses for the rectification works required for the new Central Government Complex and the LegCo Complex. As the relocation had given rise to a number of problems, Mr TSE asked whether the Administration had earmarked extra provisions for these projects.

9.33 D of Admin advised that the Tamar Development Project included the design and construction of the Chief Executive's Office, Central Government Offices, LegCo Complex, Tamar Park, two elevated walkways and other ancillary facilities. The approved project estimate was \$5,528.7 million, and the estimated expenditure up to the end of 2011-2012 was \$5,318 million. It was expected that the expenditure for the project would be within the approved estimate. According to the terms of contract, the contractor was responsible for undertaking rectification works for any defect detected, hence no additional cost would be incurred for this purpose. Secretary General, Legislative Council Secretariat said that the contractor was also responsible for the remedial works for the LegCo Complex during the warranty period and therefore no extra costs would be incurred. However, as the electricity tariff for the LegCo Complex had increased, the LegCo Secretariat would discuss with the Administration, and would require the contractor to bear those costs where the increase in tariff was due to the carrying out of the remedial works.

Chapter X : Works

10.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy areas of works for the coming year (Appendix IV-8).

Heritage conservation

10.2 Referring to the Hong Kong Housing Authority's plan to demolish the Chai Wan Factory Estate (CWFE) built in 1959, Mr WONG Kwok-hing said that the Administration should consider preserving the building and revitalizing it for use by cultural and creative industries, as the building was the last five-storey H-shaped resettlement building in Hong Kong, and was an icon of Hong Kong's industrial development in the 1960s representing a place of collective memories of Hong Kong people.

10.3 SDEV advised that the site of CWFE might be used for development of public housing. As regards heritage conservation, the Administration was pressing ahead projects to conserve various historic buildings in recent years. Through the work of the Antiquities Advisory Board (AAB), a set of objective criteria had been developed for the assessment of 1 444 historic buildings included in the List of Graded Historic Buildings in Hong Kong to provide protection for the buildings according to their respective graded status. Although CWFE was not covered in the List, AAB could consider conducting studies for grading the building if there was such a request from the public. She said that given the scarcity of land in Hong Kong, the Government had been stepping up efforts in recent years to expand land resources to meet housing demand and other development needs, and where necessary, this might involve re-development of Grade 3 status buildings in the List. Mr WONG Kwok-hing re-iterated his views and urged the Administration to consider preserving CWFE.

10.4 As the declaration of Ho Tung Gardens as a proposed monument under the Antiquities and Monuments Ordinance (Cap. 53) (AMO) had expired in January 2012, Mr KAM Nai-wai enquired whether the Administration could extend the statutory protection for Ho Tung Gardens and provide economic incentives to encourage the owner to preserve the proposed monument.

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10.5 SDEV advised that the declaration of Ho Tung Gardens as a proposed monument had expired after 27 January 2012 and under the Ordinance, could not be extended. While AAB had unanimously supported declaration of Ho Tung Gardens as a permanent monument, the owner had expressed opposition and made representation to the Chief Executive-in-Council. SDEV said that although discussion was being held with the owner, she was not optimistic that a consensus could be reached. As regards the procedures, SDEV advised that declaration of a permanent monument had to be made through a Notice under AMO, which would be subject to the negative vetting procedure of the Legislative Council (LegCo). Upon the coming into effect of the declaration, the owner could still seek compensation for the financial loss incurred, or apply for judicial review against the declaration. As the discussion with the owner of Ho Tung Gardens was going on, she could not disclose the details of such discussions lest this might jeopardize the discussion. The Administration would continue to examine the various options and would revert to the Panel on Development when the outcome of discussion was available.

10.6 Dr PAN Pey-chyou commented that the proposed preservation of Ho Tung Gardens had highlighted the importance of striking a balance between public aspiration for heritage conservation and respect for property ownership in historic buildings in the private domain. He enquired whether the Administration had set aside provisions for reviewing AMO to facilitate the conservation of graded historic buildings and enhance their protection.

10.7 SDEV explained that AMO already empowered the Government to declare historic buildings as monuments for the purpose of heritage conservation. The Basic Law also provided protection for private property rights. While the present mechanism strived to strike a balance between the two aspirations, recent experiences in implementing heritage conservation initiatives revealed successes in some cases but difficulties in others in achieving this objective. The Administration had been providing financial assistance and economic incentives to encourage private owners to conserve their buildings but would avoid using public funds as direct compensation for owners. Successful examples included the preservation of King Yin Lei and the clock tower of the China Light and Power Administration Building. Given the unique circumstances of each case, the type and extent of economic incentives to be provided to property

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owners would need to be determined on a case-by-case basis. It would not be possible to facilitate the process through legislative amendments.

10.8 Miss Tanya CHAN considered that AMO should provide for engaging the public in the conservation of historic buildings, including the requirement to hear public views during the process, which would facilitate building consensus in the community for heritage conservation initiatives. The Administration took note of her views.

Expanding Hong Kong's land resources

10.9 Mr LEE Wing-tat expressed concern that the Administration's efforts in expanding land resources could only identify small plots of land for development and could not sufficiently address the urgent housing demand of the community. He enquired if there were concrete measures to increase land supply in the medium and long term.

10.10 SDEV said that land planning work had slowed down because of adjustment in the housing policy in 2002. In view of rising demand for land for housing and other development needs of Hong Kong in recent years, the Chief Executive announced in his 2010-2011 Policy Address the initiative to expand land resources and to build up a land reserve over a period of time in order to ensure that land supply would not be affected by economic cycles or fluctuations of the property market. While the Administration had explored alternative means of land supply and enhanced its land development strategy by combining planning and engineering studies as well as speeding up the infrastructure development process, supplying a sufficiently large amount of land in the short term remained a challenge for the Administration. On long-term land supply, SDEV advised that the Administration's goal was to review land uses of and conduct planning studies for about 2 500 hectares of land for various developments in the coming ten years, which in total accounted for 10% of Hong Kong's developed land. Of these 2 500 hectares of land, some 805 hectares would be in North East New Territories New Development Areas (NENT NDAs). As for land supply in the short and medium term, some 60 hectares of industrial land had been rezoned for non-industrial use, including sites in Tai Wo Hau and Tung Tau which were earmarked for Home Ownership Scheme flats development. Regarding the development of NENT NDAs covering Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling, Director of Civil Engineering and Development (DCED) advised

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that the planning and engineering studies would be completed shortly, and Stage 3 Public Engagement would commence in mid-2012. Sites for housing developments in NENT NDAs would be delivered towards late 2020s and the first phase of population intake was envisaged by 2022.

10.11 Mr Alan LEONG enquired whether the Administration would explore the feasibility of converting some 275 hectares of land in the New Territories which was currently deserted farmland or used for temporary storage. SDEV advised that the 2 500 hectares of land to be reviewed included some 275 hectares of deserted farmland, land for temporary storage and cottage industry uses which was mostly under private ownership in Yuen Long and other parts of northern New Territories. She pointed out that undeveloped farmland constituted about 6% of the entire land area of 1 108 square kilometers in Hong Kong. The Administration would consider ways to encourage better use of the land through various means, for instance, relaxing the plot ratio of developments.

10.12 Regarding the Administration's initiative to develop caverns, Mr Alan LEONG said that he did not see the benefits for relocating the Sha Tin Sewage Treatment Works, the Mount Davies Fresh Water Primary Service Reservoir and the Kennedy Town Fresh Water Service Reservoir to caverns. SDEV responded that the Administration had received different views from the local communities about the proposals to relocate the Sha Tin Sewage Treatment Works, Mount Davis Fresh Water Primary Service Reservoir and Kennedy Town Fresh Water Service Reservoir to caverns. The Administration would conduct further studies on the development of caverns and these three projects, and consult the Panel on Development on the way forward.

10.13 Noting that different sectors of the community had different aspirations on the subject of expanding land resources, Mr CHAN Kin-por expressed concern on how the Administration would tackle the objections from local communities and build a consensus for taking forward the new strategy to increase land supply. He considered that the Administration should increase resources for and enhance transparency of its consultation work, and provide more information on its plans for public discussion and also make better efforts to allay public concerns.

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10.14 SDEV advised that to take forward the initiative to increase land supply through reclamation outside Victoria Harbour and cavern development, the Administration had launched the Stage 1 Public Engagement on Enhancing Land Supply Strategy in November 2011 to collect public views on the subject through various activities. Whilst the purpose of Stage 1 public engagement exercise was to arouse public interest on the subject and establish the site selection criteria for reclamation and cavern development, the Administration had, in response to public views, provided a list of 25 potential reclamation sites in January 2012 to facilitate public discussion. She stressed that the Administration would review the list of potential sites, draw up site selection criteria and identify feasible sites for public discussion at Stage 2 public engagement exercise in order to short-list reclamation sites for conducting further feasibility studies and public consultation. She added that land use planning for the newly reclaimed land would be carried out at a later stage, and the process would follow the existing mechanism involving the Town Planning Board, which would be transparent and able to incorporate inputs from various sectors of the community.

Cycle track networks in the New Territories

10.15 Mr Albert CHAN expressed concern about the slow progress in linking up existing cycle track networks in Tsuen Wan, Tuen Mun and Sheung Shui. He urged that the Administration should increase resources to expedite the projects and enhance the safety standards of the tracks. The Administration took note of his views.

Construction industry

10.16 Noting that the expenditure for capital works and minor works projects would be increased to \$62.3 billion and \$8.02 billion respectively in 2012-2013, Mr Albert CHAN expressed concern about acute shortage in manpower in the construction industry. He noticed that the industry had encountered difficulties in recruiting new blood to make up the shortfall. He called on the Administration to formulate a manpower policy and explore measures to increase construction manpower supply such as making use of any unused daily quota for Mainland new arrivals.

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10.17 Mr CHAN Kin-por said that it was important for the Administration to improve the professional image of construction workers, formulate manpower projection for the industry, and implement major infrastructure projects in a progressive manner so as to ensure that the supply of construction workers would not be affected by cycles or fluctuations in works projects.

10.18 Professor Patrick LAU considered that industry bodies should devise measures to enhance the physical strength of young workers to meet the operational requirements of the construction industry. He also suggested that the Administration should provide more land to facilitate production of prefabricated building structures in Hong Kong so that more jobs would be created for the industry. Regarding manpower shortage for the construction industry, he asked if there was consultation with labour groups in exploring measures, including the possibility of importing workers from overseas, to address the problem.

10.19 Mr WONG Kwok-hing said that the Hong Kong Federation of Trade Unions was firmly against any attempt to import construction workers into Hong Kong. In enhancing manpower resources in the construction industry, he considered that the Administration was moving in the right direction by implementing measures to increase training opportunities, enhance the professional image of construction workers, and improve construction safety.

10.20 SDEV advised that the Administration was addressing problems of manpower shortage, aging workers and skill mismatch in the construction industry through various measures, and would strive to avoid importing workers into Hong Kong. She explained that \$100 million was provided to the Construction Industry Council (CIC) in May 2010 for strengthening its work in providing training for construction workers and attracting more young people to join the industry. Through various means, including enhanced training, improvement in working environment at construction sites, enhancement in industrial safety, and provision of uniform for workers, more young people had been attracted to join and pursue a career in the construction industry. To ride the wave, the Administration had set aside another \$220 million in 2012-2013 for CIC to strengthen training for workers and supervisors/technicians and recruit new blood from ethnic minorities. The Administration would brief the Panel on Development before seeking the Finance Committee's approval for the funding proposal.

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The Administration would also implement infrastructure projects in a progressive manner and embark on planning and technical studies for projects in the early stage to mitigate possible adverse impact on the manpower situation in the construction industry due to unforeseeable circumstances, such as judicial reviews against implementation of projects. Furthermore, to promote employment opportunities, the Administration had taken steps to increase funding allocation for minor works projects to \$8.02 billion in 2012-2013. Permanent Secretary for Development (Works) (PS(W)) supplemented that at present, more than 50% of the construction workforce were unskilled, and the Administration aimed to offer training for these workers to upgrade their skills and technical knowledge. He agreed with Profoser LAU that it was necessary to enhance the physical strength of young workers to ensure they could meet the job requirements. The Administration would draw the attention of industry bodies to the suggestion for incorporating physical training courses in the training programmes.

10.21 Referring to the recent allegations of corruption against top government officials, Mr Albert CHAN stressed the importance of enhancing vigilance to potential corruption in taking forward public works projects which often involved huge sums of public money. He urged the Administration to pay special attention to prevent collusions and corruption practices in the administration of these projects. SDEV advised that the Administration would not tolerate corruption and had been maintaining high vigilance and working with the Independent Commission Against Corruption on prevention of corruption practices in the industry. She stressed that civil servants were well aware of the relevant civil service regulations and guidelines in the performance of their duties.

Tree management

10.22 Miss Tanya CHAN said that some local residents had complained that the construction works for the underground stormwater storage tank at Happy Valley had caused damage to trees near the works site and had adverse impacts on the local environment. She urged the Drainage Services Department (DSD) to strengthen monitoring over its works contractors and enhance protection for trees under its purview. As for trees managed by the Leisure and Cultural Services Department (LCSD), Miss CHAN asked why the number of trees under the department's purview

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had decreased, and she noted that six trees on the Register of Old Valuable Trees (ROVT) had been felled since 1 April 2011.

10.23 Director of Drainage Services said that for the underground stormwater storage tank project at Happy Valley, DSD had set up a liaison group with the local community to monitor issues related to the project. DSD would follow up the case mentioned by Miss Tanya CHAN. On the manpower for tree management, DSD had plans to create supernumerary posts, including professional staff such as landscape architects, to assist in the management and maintenance of trees under its purview.

10.24 Responding to Miss Tanya CHAN's enquiry, Director of Leisure and Cultural Services advised that with the co-ordination of the Tree Management Office (TMO), management responsibility of over 100 000 trees previously under the department's purview had been transferred to other departments in the past year. To strengthen its tree management efforts, LCSD had set up six tree management teams in May 2010 and through internal redeployment, increased the number of tree management staff from 122 in 2009-2010 to 210 in 2011-2012. Besides, LCSD had stepped up efforts to enhance the professional qualifications and competence of tree management staff through the provision of a five-year training programme. Short-term training courses covering subjects such as visual inspection and risk assessment on trees were being arranged for frontline staff. On the protection of trees in ROVT, she explained that due to serious structural and health problems, some irrecoverable ROVT trees would have to be removed to ensure public safety. According to existing practices, LCSD would first consult TMO and inform the public of such cases before removing ROVT trees.

10.25 Referring to a fatal incident in which an outsourced worker fell to death while performing three-pruning duties, Dr PAN Pey-chyou expressed grave concern about the provision of training and necessary equipment for outsourced workers and whether measures were in place to ensure safety at work.

10.26 PS(W) said that the Administration expressed regrets on the accident and had subsequently held discussions with the trade to review measures to enhance safety at work. In parallel, the Administration had been stepping up training for frontline staff engaged in tree management and maintenance work, which was also available to workers employed by

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contractors. The Administration was also exploring with the trade on ways to enhance service standards. On the outsourcing arrangements, PS(W) said that outsourcing tree management and maintenance tasks would help contain the size of the civil service. He assured members that with good supervision and effective monitoring, the Administration was able to ensure satisfactory performance of contractors.

10.27 Miss Tanya CHAN noted that no tree management and maintenance contractors had been penalized or had their contracts terminated due to improper tree pruning or substandard work in the past two years. She considered that the Administration should step up efforts in monitoring the performance of contractors. She enquired whether the Administration had set aside resources in 2012-2013 to undertake tasks relating to the introduction of a tree legislation in Hong Kong to provide for the registration of tree professionals, workers and contractors, and training for relevant parties.

10.28 SDEV advised that the Administration had adopted an "integrated approach" for the management and maintenance of trees which had proved effective and would be continued. While she considered that the time was ripe for the Administration to embark on a study on the proposal to enact tree legislation, this would not be among the top priorities of the Administration's tree management work in the coming year.

Improvement works for pavements and pedestrian areas

10.29 Professor Patrick LAU expressed concern about the unsatisfactory condition in pavements and pedestrian areas in the territory, in particular those in busy districts in Central and Mong Kok. He enquired about resources allocated for improvement works in this area in 2012-2013.

10.30 Director of Highways responded that the Highways Department (HyD) had strived to improve the cityscape in various districts, and had set up a committee for steering improvement and beautification works for bridges and related pedestrian facilities. For instance, landscape architects in the department were engaged in improving the design and outlook of pedestrian facilities. A good example of the improvement works in recent years was the increasing use of bricks and other materials in lieu of cement to provide different patterns and designs for the pavements. To solicit the

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support of local community, HyD would consult relevant District Councils on proposed improvement works for streets and pavements.

Reconstruction projects in Sichuan's earthquake stricken areas

10.31 Mr LEE Wing-tat expressed concern about the progress of 151 Hong Kong-funded projects in Sichuan reconstruction areas, in particular, those concerning Wolong Nature Reserve. He asked whether the Administration would consider allocating resources to set up a monitoring mechanism for these projects after their completion.

10.32 SDEV said that the Administration had been making regular reports to the Panel on Development on the progress of post-earthquake reconstruction projects in Sichuan. As at the end of December 2011, 71 out of the 151 projects had been completed, and the vast majority of the remaining 80 projects would be completed by the end of 2012. Of these 80 outstanding projects, progress of construction of Provincial Road 303 and Mian Mao Highway had been affected by serious flooding and mudslips occurred during the summer in 2011. Since Provincial Road 303 was the main access to the Wolong Nature Reserve, progress on the reconstruction projects in the area had also been adversely affected. As for the management of the Hong Kong-funded projects, apart from putting in place an independent monitoring mechanism overseeing the projects during their implementation, relevant policy bureaux and departments responsible for the projects were exploring ways to enable continued support for the projects after their completion. Mr LEE Wing-tat suggested that the Administration should consider making arrangements for LegCo Members to visit the Hong Kong-funded projects in Sichuan again. The Administration noted the suggestion.

Greening initiatives

10.33 Mr WONG Kwok-hing enquired whether the Administration would consider allocating resources to implement greening works at the tramways in areas such as Admiralty and North Point. He also urged the Administration to consider extending the "vertical greening" model at Yeung Uk Road, Tsuen Wan, to other districts.

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10.34 SDEV commented that according to Veolia Transport, the French company which owned and managed Hong Kong's tram service, there were physical constraints and technical problems in implementing greening initiatives along the tramways. Nevertheless, the Administration could further explore with Veolia Transport the feasibility of implementing greening along the tramways.

The design-and-build approach in implementing works projects

10.35 Referring to the building problems encountered in the new Central Government Offices and LegCo Complex Projects at Tamar, Professor Patrick LAU considered that the Administration should review whether the design-and-build approach should still be used for implementing complicated Government projects. PS(W) advised that a circular had been issued in 2004 to advise bureaux/departments on factors required to be considered in selecting the most appropriate procurement method for individual public works projects. While there was no preference for departments to adopt the design-and-build approach in implementing projects, more departments preferred using such approach in recent years. Director of Architectural Services said that the Architectural Services Department would continue to explore different approaches for implementation of building projects, and would advise departments to take into account their requirements and unique circumstances in selecting the best approach meeting their needs.

Energizing Kowloon East

10.36 Mr Paul TSE said that the Administration should learn from the experience in the development of the West Kowloon Cultural District in transforming Kowloon East into an alternative Central Business District, to ensure that the Kowloon East project would be implemented in an efficient, fair and transparent manner and under effective supervision. He enquired about the deliverables of the development, and the plans to link up existing tourism facilities in Kowloon East and the new facilities in Kai Tak Development.

10.37 SDEV advised that the Energizing Kowloon East project would ultimately provide 5.4 million square metres of gross floor area for commercial use in Kowloon East. The Administration attached great importance in taking forward the project in a visionary, co-ordinated and

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integrated approach ensuring holistic development to create an attractive and vibrant business district. She added that development of Kowloon East was different from that of West Kowloon. Firstly, the development of West Kowloon was carried out on newly-reclaimed land, while development in Kowloon East would focus on Kwun Tong and Kowloon Bay which were highly developed industrial areas with the majority of land in private ownership. Secondly, instead of implementing the development through a statutory body as in the case of West Kowloon, the new Kowloon East Development Office (KEDO) would be a government office responsible for promoting Kowloon East including exploring opportunities for public private partnership in undertaking the development, engaging stakeholders, and delivering "quick-win" projects to improve the traffic and the environment. She assured members that the Administration would brief the Panel on Development on the development of Kowloon East and the work of KEDO on a regular basis.

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11.1 At the invitation of the Chairman, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy areas of planning and lands for the coming year (Appendix IV -9).

Unauthorized building works

11.2 Mr LEE Wing-tat enquired about the details of enforcement actions against unauthorized building works (UBWs) in New Territories (NT) village houses to be rolled out in April 2012, and whether the Administration had issued warning letters to the owners of village houses with more than three storeys. SDEV said that the Buildings Department (BD) had all along been taking enforcement actions against UBWs in village houses which were found to pose imminent danger, and those under construction or newly built. In June 2011, the Administration briefed the Panel on Development on a new strategy to strengthen control of UBWs in NT village houses adopting a pragmatic approach by categorizing UBWs and prioritizing enforcement actions in a progressive manner. Under the new strategy, with effect from 1 April 2012, BD would accord priority in taking enforcement against UBWs in village houses constituting serious breach of the law and posing higher potential risks to building and public safety even though they did not pose imminent danger. BD would engage consultants to survey and identify such UBWs to be classified as first round targets for enforcement action, and would issue removal orders to the owners concerned. Secondly, to curb the emergence of new UBWs, the Administration would introduce a reporting scheme for owners of NT village houses to report within six months those existing UBWs which constituted relatively less serious breach of the law and posed lower potential risks. The owners would be required to appoint qualified persons to conduct regular inspection and verify the safety of these structures. Lastly, certain specified existing and new green and amenity facilities in NT village houses would be allowed without the need for obtaining permission from the Lands Department (LandsD) or BD.

11.3 While expressing appreciation for SDEV's perseverance in tackling the problem of UBWs in NT village houses, Mr LEE Wing-tat expressed concern about the long time taken for investigation and enforcement actions against UBWs, and for dealing with appeals from owners. As the public expected more efficient enforcement actions and quick removal of UBWs in

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village houses, he asked how the Administration would address such concerns.

11.4 SDEV stressed that it was important for the Administration to observe procedural justice in taking enforcement actions rather than to pursue quick and visible results. There would be high transparency in BD's enforcement work to enhance public confidence in its commitment and determination in tackling the UBW problem in NT village houses. Furthermore, the Administration was examining ways to streamline and expedite the processing of appeal cases in consultation with the Chairmen and Deputy Chairmen of the Appeal Tribunal Panel (Buildings).

11.5 Referring to SDEV's remarks on maintaining procedural justice in enforcement actions, Ms Audrey EU queried how this principle was upheld in following up the recent UBW case at the premises of a Chief Executive (CE) candidate. She said that the public had grave concern about the lack of serious enforcement actions against UBWs involving the rich people. Mr Albert CHAN commented that the Administration took swift actions against illegal hillside squatters and roof-top structures but tolerated the UBWs found at luxury houses. He said that the clearance of squatters and roof-top structures had rendered many poor people homeless and they were forced to accept interim public housing. However, for UBWs found at luxury houses, if the owner concerned did not comply with the removal order, the Building Authority would only register the removal order against the title of the property in the Land Registry and no further action would be taken.

11.6 SDEV stressed that enforcement actions against UBWs were taken in accordance with the Buildings Ordinance (Cap. 123) (BO) and stated policy in an impartial manner regardless of the social status of the owners and the value of the properties. In according priority to enforcement actions, the only factor of consideration was the risk level of the UBWs. She reiterated that under the new enforcement policy effective from 1 April 2011, the scope of "actionable" UBWs had been extended to include all UBWs on the rooftop, podium and back yards/lanes of buildings, irrespective of their risk to public safety or whether they were newly erected. BD would issue statutory orders requiring owners to conduct removal or rectification works immediately if there were confirmed actionable UBWs after inspection. She explained that it was difficult to find out UBWs inside premises unless BD staff had the power to access the premises

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concerned. In this connection, she appealed to members for their support of the Buildings Legislation (Amendment) Bill 2011, which included a provision for the Building Authority to apply for warrants from the Court to facilitate entry of BD staff into individual premises for inspection and taking enforcement actions.

11.7 As regards the UBW case at the premises of a CE candidate, SDEV said that she had briefed the media twice about the Administration's follow-up actions and would continue to ensure high transparency in handling the case. She said that in this case, upon BD's request for the owner to rectify the UBWs in question, an Authorized Person appointed by the owner had submitted a rectification works programme to BD for approval. In parallel, BD was investigating whether the UBWs in question had been constructed before the granting of occupation permit for the premises, by attempting to collect physical evidence at the structures and interviewing about 40 witnesses including the owner and the relevant Authorized Persons, registered structural engineers, contractors and workers. As investigation took time, the outcome of investigation might not be available when the Panel on Development discussed the matter at a special meeting on 15 March 2012.

11.8 Mr LEE Wing-tat noted that BD had applied to the Court for a closure order to close certain floors of an industrial building at Larch Street, Tai Kok Tsui, in order to facilitate the demolition of illegal subdivided domestic flat units therein. He asked whether the Administration would prosecute the landlord of these flats.

11.9 SDEV advised that the owner of the industrial premises concerned at Larch Street had deceased, and it was believed that the subdivided units had been sublet by the head-tenant of the flats. There was difficulty in identifying the persons involved for taking prosecution actions under the BO. As for other cases of illegal subdivision of industrial units for domestic use, BD had taken rigorous enforcement action. Mr LEE expressed concern that landlords and tenants might collude in subletting subdivided units in order to circumvent regulation under the BO. He urged that the Administration should seek legal advice to plug the loophole. SDEV responded that any person, regardless of his position as an owner or a tenant, knowingly contravened BO by erecting UBWs, would be subject to prosecution. In the case of the industrial building at Larch Street, the

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difficulty was mainly concerned with the collection of evidence rather than the provisions under the BO.

11.10 Mr James TO noted that SDEV, when speaking recently on the UBWs at the premises of a CE candidate, had referred to a new policy of according priority in following up UBW cases involving senior Government officials or celebrities. He enquired about the details of the new policy, such as who would make the decision of taking priority actions and whether the policy included UBWs of celebrities previously reported by the media.

11.11 SDEV clarified that her recent statements on the case were about the practice adopted by BD since May 2011 when UBW cases involving senior Government officials and celebrities were widely reported by the media. Given the wide public concern in these cases and numerous press enquiries, BD had accorded priority to conducting on-site inspection and collection of relevant information about the UBWs in these cases. As the priority actions involved deployment of resources of BD, the decision was made by the Director of Buildings (D of B). To ensure fairness of enforcement actions taken in all such cases, further actions warranted after the inspection and investigation including the issuance of advisory letters or removal orders, or instigation of prosecution, would follow the normal procedures in accordance with the relevant office guidelines and the prevailing enforcement policy. She stressed that while some of the owners of UBWs inspected by BD might have not yet received warning letters or removal orders, this did not imply that no enforcement action would be taken against the UBWs concerned. It was only that the timeline for further actions was subject to BD's established procedures.

11.12 Noting that BD would step up enforcement against subdivided flats by increasing the number of target buildings for inspection by 30% to 200 buildings per year and including 30 industrial buildings for the first time, Dr PAN Pey-chyou expressed concern about adequacy of existing manpower and the 59 new posts in BD for carrying out the task. He also sought more information on the deployment of existing BD staff for taking inspections and actions against subdivided flats.

11.13 SDEV assured members that, with the significant enhancement of resources for BD in the past two years, investigation and enforcement against UBWs would be carried out in a highly efficient and effective

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manner. D of B advised that BD's duties to implement its building safety and maintenance enforcement programme were currently carried out by staff of the two Existing Buildings Divisions and the Mandatory Building Inspection Division. While there was no dedicated team for taking actions against the irregularities of building works associated with subdivided flats, staff in the three divisions would take up the task as part of their aforementioned overall duties.

Land supply

11.14 On the initiative to increase land supply for housing, Mr Albert CHAN urged the Administration to strive to achieve balanced housing development in various districts over the territory, rather than focusing on a few newly developed areas. In view of the strong demand for public housing units in the extended urban areas, he urged the Administration to explore the feasibility of increasing supply of housing land in developed districts like Tsuen Wan and Kwai Tsing. He also considered that the Administration should formulate clear policy direction to provide land supply for balanced housing across districts and strengthen manpower resources for the associated work, and to report progress at six-monthly intervals.

11.15 While acknowledging the difficulty in increasing housing land in developed urban areas, SDEV said that the Government was committed to increasing land supply to meet housing demand, and the Steering Committee on Housing Land Supply, chaired by the Financial Secretary, had been co-ordinating efforts of relevant bureaux and departments in identifying suitable sites for housing developments. For instance, the Kai Tak Development would provide land for construction of 33 000 residential units, including 13 000 public housing units to be made available in 2013. The Development Bureau had stepped up efforts in exploring various options to expand land resources to meet the housing targets set by the Transport and Housing Bureau. In this regard, the manpower at the Planning Department would be strengthened in 2012-2013 to accelerate the Administration's work in developing land supply. The Administration would update the Panel on Development on the work progress in implementing the six measures to expand land resources as announced in the CE's Policy Address of 2011-2012.

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11.16 Ms Cyd HO said that the Administration should aim to provide the necessary amenities and community facilities, such as schools, hospitals, recreational facilities and pedestrian networks at the same time for new districts and redeveloped areas to meet the needs of the residents. She was concerned that the planning and provision of community facilities lagged behind the population intake in these areas. She also requested the Administration to provide progress in this respect when updating the Panel on Development on the initiative to expand land resources. Taking note of Ms HO's views, SDEV advised that there was advanced planning in the development of new areas. In scrutinizing redevelopment proposals, the Town Planning Board would also assess the impact of the increased population on the demand for ancillary facilities in the affected areas.

Land administration

11.17 Ms Audrey EU said that while the Administration stated that it did not receive complaint involving breach of the alienation restriction clause in respect of NT indigenous villagers' small houses in the past years, she noticed that there were many offers of transfer of small house interests on various websites. She queried whether the Administration would only act on complaints and took no proactive investigation on such offers.

11.18 Director of Lands (D of L) replied that LandsD had not received any complaint about breaches of the alienation restriction clause in the past three years. During the said years, it had received four complaints related to suspected breach of the warranty clause whereby a small house applicant warranted that he had never made arrangements to dispose of his interest of developing a small house or his eligibility to apply for a small house grant. These four complaints were under investigation and LandsD had conducted site inspections and checked the relevant land ownership records. As a general practice, LandsD would withhold action on processing any small house application pending the completion of the investigation arising from a complaint. D of L said that while LandsD mainly acted on complaints, it also kept watch on advertisements on the Internet concerning small house interest and would conduct investigation on suspected breaches. The Administration had written to The Law Society of Hong Kong and the Estate Agents Authority suggesting them to remind their members to pay attention to the warranty clause and the alienation restriction clause in handling small house transactions and related matters.

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11.19 Ms Audrey EU asked about a case in which a building in Repulse Bay had been constructed with BA's approval but LandsD considered that the owner of the site had breached the lease conditions. She enquired whether LandsD would consider taking re-entry action on the case. In response, D of L advised that the lessee of the site concerned and the Administration held different views on the interpretation of the lease conditions. The Court had dismissed the lessee's claims against the Government, and the lessee, after having lodged a Notice of Appeal to the Court, had submitted to LandsD an application for consent under the lease subject to payment without prejudice to its appeal with the Court. On that basis, the lessee had been in discussions with LandsD for some time on the premium for obtaining LandsD's consent for the building under the lease. As regards re-entry action, D of L said that whilst LandsD could re-enter the site against a lease breach if the lessee insisted on not rectifying it, it should be borne in mind that the lessee in the present case was still in discussions with LandsD on obtaining the consent under the lease, having lodged a Notice of Appeal with the Court.

11.20 Mr James TO urged the Administration to formulate a land administration policy to tackle illegal occupation of public walkways by unauthorized extension from shops, which was a common phenomenon in shopping areas such as Mong Kok and Causeway Bay, causing great inconvenience and hazards to pedestrians. The Administration noted his concerns.

Assistance to owners in cases of compulsory sale of land for redevelopment

11.21 Dr PAN Pey-chyou noted that the number of applications for compulsory sale made to the Lands Tribunal was on the rise in recent years and asked about the number of applications made under the 80% compulsory sale threshold since the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice came into operation in April 2011. Noting that only two out of 31 cases under the Pilot Mediation Scheme for Compulsory Sale for Redevelopment had undergone successful mediation, he was concerned that some elderly people had to sell their properties unwillingly at an unfair price under the lowered threshold. He considered that these elderly owners needed support and advice and enquired if there were measures to assist them.

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11.22 Permanent Secretary for Development (Planning and Lands) advised that from April 2011 to January 2012, the Lands Tribunal had received 77 applications for grant of orders under the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice, of which 32 applications were made under the 80% threshold. The Administration had launched the Pilot Mediation Scheme for Compulsory Sale for Redevelopment and the Pilot Scheme on Outreach Support Service for Elderly Owners to provide support to owners of old buildings who were faced with private redevelopment. To strengthen the support, the Administration had decided to extend implementation of the two schemes from one year to two years, and increase the number of social service teams for the Scheme on Outreach Support Service for Elderly Owners from one to two. The two successful mediation cases under the Pilot Mediation Scheme only referred to those conducted under professional and paid mediation service. In fact, another 15 cases had been resolved after the owners concerned had gained a better understanding of the general practice of property acquisition and the process of compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) through the Joint Mediation Helpline Office Ltd. The Administration would continue to strengthen support to owners of aged buildings and would reach out to the elderly owners to assist them when their properties were affected by private redevelopment involving compulsory sale.

Urban renewal

11.23 Mr Alan LEONG noted that most of the 25 applications under the "demand-led" scheme received by the Urban Renewal Authority (URA) had been rejected. He enquired about the reasons for not approving the applications and the number of projects URA would implement under the scheme in 2012-2013. He also asked about the reasons for rejecting one application under the "facilitator" scheme, the services provided to successful applicants by the subsidiary intermediary company for "facilitation" projects, and URA's role in the company.

11.24 SDEV advised that in order to be eligible for URA's "demand-led" scheme or the "facilitator" scheme, the applications must be made by owners of a site who in aggregate owned a specified percentage of undivided shares in the site. However, many applications received by URA did not meet the required ownership thresholds, and these applications were therefore

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rejected. This reflected that although many owners of dilapidated buildings were eager to redevelop their properties, multiple ownership in the buildings had posed difficulties. SDEV advised that while URA had planned to take on a small number of "demand-led" projects in 2012-2013, the exact number of projects to be undertaken was unknown at this stage and URA would provide the details in its Business Plan for 2012-2013, and URA would brief the Panel on Development later this year. As regards the "facilitator" scheme, SDEV advised that the scheme would be run on a fee-charging and self-financing basis, and URA had set up a subsidiary company to provide the necessary facilitating services. The company was supervised and managed by URA with its main function to facilitate interested property owners in assembling titles for joint sale in the market.

Revitalization of old industrial buildings

11.25 In response to Professor Patrick LAU's enquiry about progress of the policy initiative announced in the 2011-2012 Policy Address that arts groups would be provided funding support in renting premises in industrial buildings at concessionary rates for creative and arts-related activities, SDEV replied that the initiative fell under the Home Affairs Bureau which would provide funds to the Arts Development Council for implementing a programme to identify suitable units in old industrial buildings, remodel them into creative or rehearsal space and offer them to artists at below-market rates. The Arts Development Council had secured support from some industrial buildings owners and the Development Bureau, through its Development Opportunities Office, would be happy to offer advisory service, for example, when the conversion proposal had to be submitted to the Town Planning Board for approval.

Cross-boundary co-operation projects and infrastructure

11.26 Professor Patrick LAU enquired about the progress of the Study on the Action Plan for the Bay Area of the Pearl River Estuary (the Bay Area Study which covered Hong Kong, Macao and 17 districts in Guangdong). Noting that there were power stations operating at Lung Kwu Tan and large scale reclamation works might be carried out in North West NT, he was concerned that the air quality and marine ecology at the Bay Area would be adversely affected. He enquired how the governments of the three sides could collaborate to develop a planning concept for the Bay Area making it a quality living area.

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11.27 Director of Planning advised that the Stage 2 public engagement exercise of the Bay Area Study would commence in mid 2012. He stressed that the purpose of the Study was to formulate planning principles and directions on enhancing liveability which would serve as reference by the governments of the three sides in developing their respective planning policies and measures. The Study would not recommend any new development or works projects in Hong Kong. As regards planning development in North West NT, he said that a number of studies were in progress. For instance, the Hung Shui Kiu New Development Area Planning and Engineering Study had covered issues including achieving synergy between the development in the Hung Shui Kiu New Development Area and the existing and planned development in Shenzhen. He clarified that the entire territory of Hong Kong was covered under the scope of the Bay Area Study. He added that Lung Kwu Tan had been listed as one of the 25 possible reclamation sites only to facilitate public discussions on the Administration's strategy to enhance land supply through reclamation outside Victoria Harbour. There was no technical, land use or environmental study for carrying out reclamation at the area at the present stage.

11.28 Professor Patrick LAU expressed grave concern on the slow progress of the Administration in formulating and implementing planning strategies, and urged it to step up efforts in town planning to improve the living environment of Hong Kong. SDEV said that the preliminary planning stages of development projects had been taking longer time than before as there were diverse views in society on various issues relating to the projects, and reaching consensus in taking forward the projects always presented great challenges for the Administration. For example, upon public request, the Stage 1 public engagement exercise for enhancing land supply strategy through reclamation outside Victoria Harbour and rock cavern development which started in November 2011 had been extended for one month to end of March 2012 to facilitate expression of views and public discussion. Recently there were suggestions that the consultation exercise should be extended further to end of May 2012.

Harbourfront enhancement

11.29 While appreciating the Administration's efforts in building continuous waterfront promenades on both sides of Victoria Harbour, Mr WONG Kwok-hing pointed out that one of the major obstacles in pursuing a connected waterfront was the existence of private and Government lots along the harbourfront. He urged that the Administration should endeavour to connect adjacent waterfront Government facilities to tackle the problem. A case in point was the existence of a wall between two adjacent parks managed by the Leisure and Cultural Services Department at the waterfront of North Point, namely the Provident Garden and the Tong Shui Road Garden. Mr WONG strongly suggested that the Administration should expedite work in removing the wall.

11.30 SDEV advised that the Administration had been implementing harbourfront enhancement work on short, medium and long term bases in 22 action areas along Victoria Harbour as recommended by the former Harbourfront Enhancement Committee. To pursue the objective of building a connected waterfront, various harbourfront promenades on both sides of the harbour were under construction in a progressive manner. While the Administration acknowledged the difficulties to obtain the consent of majority owners of a property to make way for harbourfront enhancement works, it would strive to work out solutions with the owners concerned. There were successful examples of private redevelopment proposals considered by the Town Planning Board, where project proponents had offered to set-back the new buildings in their redevelopment or release part of the waterfront site in order to allow public access to the waterfront. Such projects included those in the waterfront areas in Kowloon East and Quarry Bay. In respect of the project in Quarry Bay, the construction of the Hoi Yu Street Advanced Promenade had commenced with the support of the New Hong Kong Tunnel Company Limited in giving up the rights over a waterfront land strip near the Eastern Tunnel for the development of a public passageway as part of the project. Moreover, discussion with the Hong Kong and China Gas Company Limited on land matters concerning construction of the promenade was underway. As regards Mr WONG Kwok-hing's suggestion to connect the two parks in North Point, the Chairman invited the Administration to consider the suggestion and provide a written response.

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Maintenance of private slopes

11.31 Miss Tanya CHAN noted that as at 1 February 2012, 683 Dangerous Hillside Orders had not been complied with, including 85 Orders that had been outstanding for more than 10 years. She expressed concern about the long time taken to handle these cases and asked what measures had been taken to expedite work in clearing the outstanding Orders. D of B explained that it took time for slope owners to conduct investigation on the stability of the slopes concerned and to design and plan the rectification works before actual repair works could commence. For cases involving disputes on the responsible parties for undertaking the rectification works or appeals from the concerned owners, even longer time would be needed for taking action. Nonetheless, he assured members that BD would monitor the condition of the slopes after issuance of orders to ensure their safety. If the owner did not comply with a Dangerous Hillside Order within a specified period of time, BD would appoint its consultant and contractor to carry out the investigation and undertake the required repair or upgrading works on behalf of the owner, and subsequently recover the costs plus supervision charges from the owner concerned. He agreed to provide information on the 85 Dangerous Hillside Orders that had been outstanding for more than 10 years, including the follow-up actions taken so far and the number of cases of which BD would consider employing contractors to undertake the works and recover the costs from the owners concerned.

Handling of water seepage

11.32 Miss Tanya CHAN noted that among the complaints received by the Joint Office set up by the Food and Environmental Hygiene Department and BD to deal with water seepage complaints in buildings, only a small number of cases had their sources of seepage identified. She enquired about the reasons for the low successful rate. Moreover, while the number of water seepage complaints received by the Joint Office was on the increase in recent years, the Office took about an average of 170 days to complete an investigation. Miss CHAN asked about the longest time that the Joint Office had taken to successfully resolve a complaint.

11.33 D of B replied that the time taken for handling a water seepage complaint in a building depended very much on the cooperation of the owners or occupiers of the premises concerned. In many cases, arrangements had to be made with the owners or occupiers of the premises

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under complaint for site inspection, and at times, repeated inspections had to be conducted and the consent of owners or occupiers had to be sought for entering the premises which were time-consuming. It would take even longer time if the Joint Office had to apply to the Court for a warrant to gain entry into the premises concerned for investigation. As for the identification of sources of seepage, the number of 4 000 to 5 000 cases a year had excluded the large number of cases with low moisture levels detected. No investigation would be done on these excluded cases.

11.34 Mr Albert CHAN suggested that the Administration should adopt advanced technology, such as infra-red technology, to expedite the investigation of water seepage complaints. The Administration noted his view.

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12.1 At the invitation of the Chairman, Mr WONG Yan-lung, Secretary for Justice (SJ), and Miss Emma LAU, Judiciary Administrator (JA), highlighted the key programme areas and major expenditures under their respective portfolios in 2012-2013 (Appendices IV-10-a and IV-10-b).

Judicial manpower and recruitment work

12.2 Dr Margaret NG expressed concern about the slow progress in the recruitment of judicial officers to fill the 45 vacancies out of the 189 judicial posts on the establishment. She commented that the shortage of judicial officers would greatly affect the quality of services provided by the Judiciary. She also noted that 41 support staff posts would be created in 2012-2013 to provide adequate support to the Judiciary, and queried that there was an apparent imbalance of the judicial manpower.

12.3 JA responded that the vacancies were mainly due to the retirement of judges and judicial officers (JJOs). Of the 41 additional support staff posts proposed, 10 odd were to provide support services to the four additional JJO posts proposed for the Lands Tribunal (two JJOs posts) and Competition Tribunal (two JJO posts); and the remainder was to provide the necessary support for replacing existing non-civil service contract staff positions and for court registry and other support services. As regards the recruitment of JJOs, JA advised that the recruitment plan had been worked out according to the instruction of the Chief Justice and the recruitment exercises had been conducted according to schedule since June 2011. The recommendations of the recruitment boards would be submitted to the Judicial Officers Recommendation Commission, which would make recommendations for appointment by the Chief Executive. At the Chairman's request, JA agreed to provide the timetable and procedure for the recruitment of JJOs; the numbers of deputy judges and cases handled by them and the expenditure involved; as well as the distribution of various ranks of support staff in the Judiciary and their respective job responsibilities.

12.4 Dr Margaret NG expressed concern about the long waiting time and heavy workload at the various courts and tribunals, in particular the District Court and the Family Court. She urged the Judiciary to speed up the recruitment of judges in these courts. JA responded that while the Judiciary did not have plans to recruit Family Court judges in 2012-2013,

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the judicial manpower position had been reviewed with the Chief District Judge and the Principal Family Court Judge regularly. In response to the increased workload from time to time, adequate judicial resources had been deployed to the Family Court from the District Court. She assured Members that the Judiciary would continue to keep a close watch on the workload of JJOs and the court waiting time.

12.5 Dr Margaret NG remarked that JA had not provided statistics on the number of cases involving child custody orders and access arrangements, which was an important piece of information in considering whether or not to implement the Joint Parental Responsibility Model by legislative means as proposed by the Labour and Welfare Bureau.

12.6 Ms Audrey EU commented that it was inadequate to have only three Coroners as there was long waiting time for hearings at the Coroner's Court. She asked whether the recruitment to fill the 45 vacancies would include Coroners. She also expressed concern about the old and inadequate facilities and the unsatisfactory setting of the Coroner's Court, and the manpower shortage in other levels of courts and tribunals.

12.7 JA responded that the Coroners were Magistrates sitting in the Coroner's courts, and the 45 vacancies had included those of magistrate posts. Against the establishment of three coroners, two magistrates were sitting in the Coroner's Court as coroners and the average waiting time in the Coroner's Court had met the target. Regarding the facilities and setting of the Coroner's Court, JA assured members that when the Coroner's Court was relocated to the West Kowloon Law Courts Building upon its completion, the facilities and setting of the Coroner's Court would be improved. To cater for the increasing workload in the Lands Tribunal, in particular the increase arising from more compulsory sale cases, the Judiciary proposed to create two additional judicial posts of one District Judge and one Member, Lands Tribunal for the Lands Tribunal in the current legislative session.

12.8 Regarding the number of magistrate vacancies, JA said that there were 26 vacancies of magistrate posts (including Special Magistrates). The Judiciary had spared no efforts in conducting the recruitment exercises. The Chairman requested JA to convey members' concern to CJ that the Judiciary should introduce measures to ensure that the various courts and tribunals were staffed to cope with the service demand and that the waiting time for hearings at the courts was reasonable.

Court costs and briefing-out expenses in Civil Division

12.9 Dr PAN Pey-chyou asked whether the 20.9% anticipated increase in the provision for the Civil Division on civil matters was attributable to the increase in expenses for conducting the litigation case for the right-of-abode of foreign domestic helpers (FDH). SJ responded that the expenditure on court costs and briefing-out expenses in the Civil Division in 2012-2013 were estimated to have an increase of about 63% and 12% over 2011-2012. He explained that the expenditure varied each year, depending on the number of litigation cases and complexity, and their developments during the years. The estimates were worked out based on available knowledge of the progress of the cases when preparing the estimates. The estimated increase in expenditure was also attributed to the increase in counsel fees as well as the increase in complexity and number of cases over the years. He stressed that the increase in expenditure was not caused by any single case.

12.10 Dr PAN Pey-chyou asked about the progress of the litigation case for the right-of-abode of FDH and whether the Department of Justice (DoJ) would consider any further action if the appeal was dismissed by the court. He asked if DoJ would consider the option of seeking an interpretation of the relevant statute from the Standing Committee of the National People's Congress. SJ said that the appeal from DoJ had been heard by the Court of Appeal (CA) about two weeks earlier and DoJ was awaiting judgment from the CA. DoJ would actively consider lodging an appeal with the Court of Final Appeal if the appeal with CA was dismissed, and would exhaust the options available in the judiciary process within the Hong Kong Special Administrative Region.

Mediation services

12.11 Ms Audrey EU was concerned that out of the 22 543 cases where a divorce application was made, only 128 cases involved the use of divorce mediation services. She noted that in 2011-2012, the Family Mediation Coordinators' Office (FMCO) had organized 260 information sessions for 698 participants, and enquired about the nature of the information sessions. She considered that measures should be stepped up to foster a wider use of mediation in family dispute resolution.

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12.12 JA said that there was some inaccuracy in the statistics provided to Members' questions and she would later provide revised figures. The number of cases which involved the use of divorce mediation services in 2011 should be 177, which was lower than the figure of 259 in 2010. These cases only represented the number of cases which had been referred to mediators by FMCO. As divorce mediation services had been in use in Hong Kong for a long time, some couples might have chosen to directly approach private mediators without referral from FMCO. Regarding the information sessions, JA advised that FMCO invited people who were interested in family dispute resolution to attend the information sessions and they would be referred to mediators if they indicated their interest in this respect. She further said that information pamphlets were also distributed to litigants in Family Courts. In some court cases for which mediation was found suitable, the judges might suggest to litigants that they attend the information sessions of FMCO.

Improving co-operation between legal professions in Hong Kong and the Mainland

12.13 Mr LAU Kong-wah noted from SJ's speech that DoJ would explore ways of improving the mode of association of law firms of Hong Kong and the Mainland under the framework of the Closer Economic Partnership Arrangement in the coming financial year, and to secure greater market access for Hong Kong lawyers and arbitration professionals in Qianhai, Shenzhen. He asked what measures would be implemented to enhance and strengthen co-operation between the legal professions in Hong Kong and the Mainland, and to facilitate Hong Kong lawyers to access the Mainland legal services market.

12.14 SJ responded that efforts had been made to try to open up new service opportunities for Hong Kong's legal profession under the Qianhai development and the "Framework Agreement on Hong Kong and Guangdong Co-operation". The legal profession in Hong Kong would prefer some degree of flexibility in the co-operation such as employment matters. DoJ would suggest to the mainland that Qianhai be chosen as a testing point to provide a one-stop shop for professional legal services. Pursuant to the "Co-operative Arrangement on Legal Matters between Shenzhen/Hong Kong" signed last year, DoJ would continue to make vigorous efforts to actively promote in Qianhai arbitration services that

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could be provided by Hong Kong, including international arbitration services.

Appointment of members of the Panel of Adjudicators under the Control of Obscene and Indecent Articles Ordinance

12.15 Ms Audrey EU noted that the Judiciary had decided in 2010 to increase the number of adjudicators in the Panel of Adjudicators for the Obscene Articles Tribunal (OAT) from 280 to 500 and applied a nine-year rule in the re-appointment of serving adjudicators. She asked about the reasons for determining the term of re-appointment of serving adjudicators by CJ, the criteria for selection and the process of appointing members of the Panel of Adjudicators. Dr Margaret NG commented that it appeared from JA's reply to a Member's question that JA had not reflected CJ's views to the Administration that it was inappropriate for judicial officers to perform the work of classification and determination in OAT and to appoint the adjudicators.

12.16 JA responded that the application of the nine-year rule in the reappointment of serving adjudicators was considered appropriate by CJ to ensure that the changeover could be instituted in a proper and systematic manner; and that there would be a regular and healthy turnover of adjudicators and better continuity of membership. She added that the reply to Member's question was based on the framework under the existing law for appointment of adjudication. As regards the Judiciary's principled position on the institutional set up of the OAT, she had strongly reflected CJ's position to the Administration and would continue to do so as appropriate. JA said that as there was a relatively large pool of adjudicators, an adjudicator might only need to sit in OAT a few times a year. Under the existing arrangement, the adjudicators were recruited through open invitation by the Commerce and Economic Development Bureau, and were appointed by CJ for a period of not exceeding three years. The adjudicators might be re-appointed for a maximum of six years. To be eligible for appointment as an adjudicator, the person had to be ordinarily resident in Hong Kong and had so resided for at least seven years, and was proficient in written English or written Chinese. Eligible persons from all walks of life could apply to be adjudicators. Where the number of applicants exceeded the number of vacancies, the selection of adjudicators would be conducted by ballot. Deputy Judiciary Administrator (Operations) added that in re-appointing adjudicators, there was a need to have a balance between a

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healthy turnover and providing continuity by retaining sufficient experienced adjudicators.

12.17 At the Chairman's request, JA agreed to provide a written response on the selection criteria and the process of appointing members of the Panel of Adjudicators pursuant to the Control of Obscene and Indecent Articles Ordinance (Cap. 390).

Accommodation for court operation

12.18 Mr Albert HO expressed concern about the long time taken for the relocation of the Court of Final Appeal (CFA) to the site of the former Legislative Council (LegCo) Building. He opined that the facilities in the current CFA building were inadequate and urged the Administration to expedite the works as far as possible.

12.19 JA said that due to the monumental nature of the former LegCo Building, building and structural condition surveys had to be conducted before renovation works were carried out. According to the latest works programme as advised by the Architectural Services Department, the target was to obtain in April 2012 approval from the Antiquities and Monuments Office of the Heritage Impact Assessment report, which had been prepared after conducting building and structural condition surveys at the former LegCo Building in the past few months. Thereafter, consultation with the various stakeholders would be carried out. Tender for the works would be invited in the last quarter of 2012. Funding proposal on the project would be submitted to LegCo in the first quarter of 2013 and subject to FC's approval, conversion works would start in the second quarter of 2013 for completion by the end of 2014. JA assured Members that she would continue to closely monitor the progress of the works in co-ordination with the Architectural Services Department.

Criminal prosecution cases

12.20 Dr Margaret NG requested the Administration to provide information on the conviction rate of criminal prosecution cases, the percentage of cases where appeal had been lodged and the percentage of appeal cases where appeal had been allowed.

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12.21 SJ responded that he noted the concern raised by Dr NG and the media coverage on the conviction rates of criminal prosecution cases in the recent years. While he did not have the actual figures at hand, he advised that there had not been significant variations in the conviction rates in recent years. DoJ would continue to take prosecutions in a fair and professional manner. He considered that the way of presenting the statistics in early years might have caused the confusion to the public. Director of Public Prosecutions (DPP) added that the successful conviction or otherwise in respect of criminal prosecution cases would depend on, inter alia, whether the appeal courts agreed with the presentation of the prosecution's case with regard to the finding of facts. In most of the recent high profile cases where the appeals by defendants were allowed, the matters of concern were not issues of law but rather whether the higher courts agreed with the interpretation of facts as presented by the prosecution as agreed by the lower courts. DPP said the Prosecutions Division would continue to vigorously examine the drawing of inferences from primary facts and their interpretation in criminal prosecution cases which might have a question on interpretation. At the Chairman's request, SJ agreed to provide the information requested by Dr Margaret NG.

Chapter XIII : Commerce, Industry and Tourism

13.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work under the Commerce, Industry and Tourism portfolio for the 2012-2013 financial year (Appendix IV-11).

Commerce and Industry

Support for small and medium enterprises

13.2 Mr WONG Ting-kwong enquired about measures to assist small and medium enterprises (SMEs) in exploring and developing the Mainland market and promoting domestic sales in the Mainland. He suggested that the Administration should consider setting up showcase centres in major cities in the Mainland for staging exhibition and product shows on a long-term basis.

13.3 SCED advised that to support Hong Kong enterprises to capture the opportunities arising from the National 12th Five-Year Plan, the Chief Executive had announced in the 2011-2012 Policy Address a proposal to set up a dedicated fund on branding, upgrading and domestic sales. The fund would provide financial support to individual Hong Kong enterprises and non-profit-distributing organizations, respectively. Apart from the measures taken by the Government, the Hong Kong Trade Development Council had also established the Design Gallery Beijing Shop to promote Hong Kong brands and designs in the Mainland.

13.4 Mr LAM Tai-fai enquired about the assistance provided to SMEs and the successful cases in using the liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). He also sought the number of requests for assistance from the various trades in the Mainland handled by the Hong Kong Special Administrative Region Government so far.

13.5 SCED and Director-General of Trade and Industry (DGTI) advised that the Government did not keep information on the total number of requests for assistance. SCED said that to ensure that the smooth implementation of CEPA would not be affected by possible barriers created by the institutional differences between Hong Kong and the Mainland, the Government had maintained communication with the business and professional communities before and during the consultations with the

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Mainland on new CEPA liberalization measures, reflected the views of the trade on the implementation of CEPA to the relevant Mainland authorities, and organized CEPA seminars jointly with the Mainland authorities to enhance the understanding of the trades on the procedures and requirements for setting up business in the Mainland under CEPA. The Mainland authorities had also agreed to announce any new regulations as soon as practicable prior to the implementation of relevant measures under CEPA. An expert group was set up under the Hong Kong/Guangdong Co-operation Joint Conference to discuss co-operation initiatives in relation to the implementation of CEPA in Guangdong. The Government would continue to liaise with the relevant ministries of the Central People's Government and the provincial and municipal governments to push forward the implementation of CEPA measures.

Special time-limited concessionary measures under the SME Financing Guarantee Scheme

13.6 Mr CHIM Pui-chung enquired about the operation of the special time-limited concessionary measures under the SME Financing Guarantee Scheme (SFGS) operated by the Hong Kong Mortgage Corporation Limited. SCED advised that in the 2012-2013 Budget, the Financial Secretary had proposed to launch special time-limited concessionary measures under the SFGS to help local enterprises tide over potential financing difficulties in the light of the uncertain external economic environment. The loan guarantee ratio of approved loans would be increased from the existing ceiling of 70% to 80%, while the guarantee fee would be reduced substantially, i.e. the guarantee fee payable for an 80% loan guarantee would only be about 30% of the existing guarantee fee for a 70% loan guarantee for approved loans. The Government would brief the Panel on Commerce and Industry on 20 March 2012 on details of the proposal before seeking funding approval from the Finance Committee.

13.7 In response to Mr CHIM's enquiry about the anticipated amount in default under SFGS, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PS(CIT)) advised that the Government would provide a total guarantee commitment of \$100 billion for the special concessionary measures. Based on the assumed default rate of 12% and the necessary out-of-pocket expenses to be incurred by the Hong Kong Mortgage Corporation, the Government's estimated maximum expenditure (net of guarantee fees collected) under the special concessionary measures would be around \$11 billion.

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13.8 Mr WONG Kwok-hing welcomed the launch of the special time-limited concessionary measures under the SFGS. He hoped that it would help preserve and create employment opportunities, and urged the Government to keep statistics in this regard for members' scrutiny in future. In this connection, he enquired about the number of jobs preserved under the SME Loan Guarantee Scheme (SGS) and the Special Loan Guarantee Scheme (SpGS) in 2011-2012.

13.9 DGTI advised that up to end February 2012, SGS benefitted 13 600 SMEs and helped preserve some 120 000 jobs, whereas SpGS benefitted 20 300 enterprises and helped preserve some 340 000 jobs.

Development of the exhibition industry

13.10 Noting the strong demand for exhibition space in Hong Kong, Mr WONG Ting-kwong enquired about the measures to enhance co-operation between the Hong Kong Exhibition and Convention Centre and AsiaWorld-Expo in order to fully utilize the exhibition space of Hong Kong. SCED advised that the Administration would work with the public transport operators to improve Asia World-Expo's accessibility and facilitate other logistic arrangements as far as possible to encourage exhibition organizers to adopt the "one show, two venues" or "two show, two venues" approach.

Investment promotion

13.11 Dr LAM Tai-fai enquired about the selection of overseas destinations to organize investment promotion activities by Invest Hong Kong in 2012-2013. Director-General of Investment Promotion (DGIP) advised that the selection of destinations was made in consultation with the partner cities in Guangdong Province. Invest Hong Kong would focus its investment promotion work in target emerging markets, such as Moscow and Mumbai, which were high-growth cities and were mainly located in the BRICS (Brazil, Russia, India, China and South Africa) economies. Toronto was selected as it would bring about the benefit of attracting mining companies in Canada to list in Hong Kong and to use Hong Kong as their regional hub.

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13.12 As regards Dr LAM's concern about Hong Kong being marginalized in the partnership with Guangdong Province in investment promotion activities, DGIP advised that the purpose of organizing such activities was to promote the combined advantages offered by the economic integration of Hong Kong and the Mainland, in particular the Pearl River Delta region. In recent years, there had been record numbers of companies coming to Hong Kong and using Hong Kong as a regional base.

Patent Application Grant

13.13 Dr PAN Pey-chyou said that the application process for standard patent was complicated, and enquired about the assistance provided to standard patent applicants to support patent rights.

13.14 Director of Intellectual Property advised that patent applicants could apply for a grant of up to HK\$150,000 under the Patent Application Grant (the Grant) which was a funding scheme to assist local companies and individuals to apply for patents of their own inventions. The Grant was administered by the Innovation and Technology Commission.

Electronic Crime Investigation Centre

13.15 In response to Mr WONG Ting-kwong's enquiry about the work of the Electronic Crime Investigation Centre (ECIC), Commissioner of Customs and Excise (C of C&E) responded that in 2012-2013, a total of \$4 million would be deployed for the setting up of the ECIC to enhance the capabilities of Customs and Excise Department (C&ED) in enforcement and handling digital evidence, with special focus on tackling Internet and other computer crimes relating to infringement of intellectual property rights.

Tourism

Development of tourism infrastructure

13.16 Mr WONG Kwok-hing opined that apart from developing the new cruise terminal and the two theme parks, Hong Kong should fully exploit its rich local cultural heritage in respect of Canto-pop music, Cantonese opera, martial arts and literature by developing tourism infrastructure based on such themes.

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13.17 SCED advised that the Government attached great importance to preserving Hong Kong's cultural heritage as part of its tourism infrastructure. The Government had been pursuing the restoration project of the former residence of the late Mr Bruce LEE in Kowloon Tong in earnest. Despite vigorous efforts to engage the owner of the former residence, no consensus on the way forward for the project could be reached. Nevertheless, in view of public aspirations for paying proper respect to the late Mr LEE, the Government would submit a financial proposal to the Finance Committee in April 2012 for the hosting of a special themed exhibition on the life of Mr Bruce LEE at the Hong Kong Heritage Museum in Shatin.

13.18 Commissioner for Tourism (C for Tourism) supplemented that while the construction of the Kai Tak new cruise terminal was vital to the development of cruise tourism in Hong Kong, the Government would continue to develop the two theme parks in order to enhance their attractiveness to visitors. Having regard to Mr WONG's suggestion, consideration would be given to incorporating more aspects of Hong Kong's cultural heritage in the tourism infrastructure in order to enrich visitors' experience. With the development of the Xiqu Centre in West Kowloon Cultural District, the Chinese opera venue would provide a world-class facility for the preservation and development of the art form in Hong Kong.

13.19 Mr CHIM Pui-chung noted that only 45 new hotels providing some 8 133 rooms would be completed in the coming two years. He opined that in the face of the keen competition from Macau, the Government should provide more land for the development of mega-sized hotels up to international standard.

13.20 SCED advised that the Government would continue to monitor the demand and supply situation of the hotel market, and strive to provide a variety of hotels in different price ranges to meet the diversified needs of tourists. To deliver further business growth, the Hong Kong Tourism Board (HKTB) had stepped up co-operation with Mainland provinces and cities, as well as Macau, to develop and promote multi-destination travel to Hong Kong and neighbouring destinations.

13.21 Dr PAN Pey-chyou enquired about the measures to prevent the recurrence of incidents of service interruptions of tourism facilities such as the Ngong Ping 360 ropeway, which had tarnished the image of tourist attractions of Hong Kong. He also urged for early dissemination of information to visitors in case of service interruptions.

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13.22 SCED responded that the Government had acknowledged that there was room for improvement in the maintenance of the Ngong Ping 360 ropeway. The Electrical and Mechanical Services Department (EMSD) had established a regulatory mechanism to monitor the operation and maintenance of the Ngong Ping 360 ropeway to ensure public safety. Apart from the regulation of the safety of Ngong Ping 360, the Government also closely monitored its operation and provided advice and support on its rescue plan, notification and transportation arrangements during emergency situations. EMSD was currently conducting an independent in-depth investigation of the incident. The investigation work aimed to find out the causes of the incident and draw up necessary remedial measures. EMSD would release the results after the completion of its investigation.

13.23 Mr WONG Ting-kwong sought details of the development of MICE (meetings, incentive travels, conventions and exhibitions) tourism on Lantau Island to leverage on the development of the Hong Kong-Zhuhai-Macau Bridge.

13.24 C for Tourism advised that continuous efforts had been made to develop diversified tourist attractions on Lantau and step up promotion to enhance the Island's tourism appeal. In addition to leisure travel, Lantau enjoyed competitive advantages in the development of MICE tourism (i.e. meetings, incentives, conferencing, exhibitions). The presence of large-scale convention and exhibition venues and numerous hotels was one of its key advantages. Coupled with the existing tourist attractions and infrastructure, Lantau had the potential to develop into a new MICE hub to meet the needs of the various event organizers and visitors.

Mega Events Fund

13.25 Mr Albert CHAN declared that he had assisted a local association in organizing an event sponsored by the Mega Events Fund (MEF) in 2010. He opined that as MEF had only provided sponsorship for event publicity but no funding was allocated for covering the administrative fees and cost of activities, small organizers often faced enormous financial pressure. He urged the Government to study ways of providing greater flexibility to facilitate the effective operation of MEF.

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13.26 C for Tourism took note of Mr CHAN's suggestion. He said that a review of MEF was being conducted, and the outcome would be reported to the Panel on Economic Development. He added that the Government had all along been mindful of the need to assist small organizers under the sponsorship of MEF.

Work of the Hong Kong Tourism Board and tourism performance

13.27 Mr Albert CHAN said that there had been much public criticism about HKTB as a spendthrift and the low cost-effectiveness of its promotional activities. Noting recent media reports about alleged misuse of public resources by the Chief Executive in overseas duty visits for personal benefit, Mr CHAN asked about the mechanism to guard against conflict of interest of senior Government officials in participating in such activities. Sharing a similar view, Mr Paul TSE asked about the criteria for determining what officials should be invited to HKTB's overseas promotional activities such as inaugural flights.

13.28 C for Tourism advised that there was an established mechanism of financial monitoring and internal audit to ensure cost-effectiveness of HKTB's promotional activities. Its work plan, budget, programmes and progress of promotion work had to be vetted and monitored by the relevant committees established under the Board of HKTB. SCED added that under the Hong Kong Tourism Board Ordinance (Cap. 302), HKTB had to submit its annual work plans to the Government for approval.

13.29 PS(CIT) supplemented that invitation to attend overseas promotional activities by Government officials would be considered on a need basis, depending on the objective, significance and scale of the event, the level of official representation from the host country/city. At Mr Albert CHAN's request, the Administration undertook to provide information on the list of Government officials to be invited to attend overseas promotional events by HKTB in 2012-2013.

13.30 Mr Paul TSE opined that first-time visitors tended to be more attracted by Hong Kong's tourism infrastructure, whereas frequent visitors tended to be more attracted by the mega events staged in Hong Kong. He reminded the Government to take this factor into account in the allocation of tourism resources. In this connection, he enquired about the ratio of first-time visitors to frequent visitors.

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13.31 Executive Director, HKTB advised that the ratio of first-time visitors to repeat visitors was about four to six. Double-digit growth in the number of visitors in both categories had been recorded in the past five years.

Consumer protection

13.32 Mr Paul TSE enquired about enforcement against false trade descriptions and mis-statements in respect of selling of goods. C of C&E advised that in order to strictly enforce the Trade Descriptions Ordinance (Cap. 362), C&ED would continue to proactively patrol retail shops in the territory, deploy extra resources to patrol renowned shopping and tourist areas and strengthen co-operation with the Police. In order to facilitate the report of malpractices by tourists, the C&ED's Quick Response Team, which was on call 24 hours, would be deployed to deal instantly with complaints. C of C&E added that the majority of the complaints received involved shops selling dried seafood, traditional Chinese medicine, electronic products, jewellery, health products and food.

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14.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work under the Communications and Technology (CT) portfolio for the 2012-2013 financial year (Appendix IV-12).

Supporting film industry

14.2 Mr WONG Ting-kwok commented that, contrary to the Administration's observation, the film industry's response to the Film Guarantee Fund (FGF) was lukewarm as reflected by the small number of applications received. He said that while the film industry supported the continued operation of FGF, many applicants considered that the application procedures were cumbersome and the eligibility criteria too stringent. He urged the Administration to introduce measures to improve FGF in consultation with the film industry in order to promote its wider use.

14.3 Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PS(CT)) explained that FGF would facilitate the film industry in obtaining loans from lending institutions to finance film productions by providing a 50% guarantee for a maximum loan amount of \$5.25 million per film. The Film Services Office under Create Hong Kong had conducted a survey on FGF. Having considered the survey findings, the Film Development Council (FDC) concluded that, despite the low application rate, FGF remained effective in assisting local film production companies in seeking film financing. As the majority of views in the film industry did not oppose to the continued operation of FGF using the existing mode, FDC considered that there was no need to relax the ceiling of loan guarantee for the time being. The Administration would keep in view the need to further streamline the application procedures.

14.4 SCED supplemented that the Administration introduced the Film Development Fund (FDF) Scheme for Financing Film Production in 2007 (Financing Scheme), and further enhanced the Financing Scheme in March 2010 after consultation with FDC. The industry's response to FDF was positive as evidenced by the increasing number of applications received after enhancement of the Financing Scheme. The Administration would continue to introduce measures to meet the needs of the film industry where necessary.

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14.5 Mr Ronny TONG noted that eight out of the 24 applications in 2010 and 2011 were withdrawn by the applicants. He enquired whether the withdrawal was due to the cumbersome application procedures and the stringent eligibility criteria under FDF. In this connection, Mr TONG asked how the application procedures would be streamlined to facilitate applicants for FDF.

14.6 Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DS(CT)) explained that despite the withdrawal of their applications, most of these applicants were able to complete and release their films through securing other funding sources. PS(CT) added that FDC had introduced measures to facilitate applications for FDF, including specifying in its website a list of the documents required for each application and deploying FDC Secretariat staff to answer enquiries from prospective applicants.

14.7 Mr TONG said that many major Hong Kong films were currently made in collaboration with investors and film distributors in the Mainland. The film industry in the Mainland was growing fast and would soon surpass Hong Kong. The local film industry was therefore keen to ensure that more Hong Kong films would be produced locally and that the Administration would support the film industry by allocating land or providing other forms of assistance for developing a "film city".

14.8 PS(CT) responded that FDC was exploring the option of using funds from FDF to support first-time commercial film directors. While the Administration had no plan to develop a "film city", it could provide assistance to the film industry under the FDF Scheme for funding film-related projects where justified.

Facilitating digital inclusion

Internet Learning Support Programme

14.9 Dr PAN Pey-chyau said that the five-year Internet Learning Support Programme (ILSP) was launched in July 2011 with the target of helping some 300 000 low-income families to acquire affordable computers and Internet access services. However, only some 30 000 eligible families had benefited from ILSP after one year of implementation. Dr PAN enquired about the reasons for the low take up rate and whether the

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Administration would enhance ILSP to help more low-income families. As ILSP was being implemented by the eInclusion Foundation Limited (eInclusion) and the Hong Kong Council of Social Service (HKCSS), with eInclusion serving eight districts in the eastern part of Hong Kong and HKCSS covering ten districts in the western part of the territory, he asked if the Administration had evaluated the performance of the two Implementers.

14.10 SCED said that the Administration would conduct a mid-term review of ILSP after two years of implementation. Preparation for the review was already underway. As ILSP was a new service, more time should be allowed for the Implementers to demonstrate the effectiveness of the project. At present, the number of families receiving assistance from the two Implementers was more or less the same. The Administration would closely monitor the situation, and would follow up with participating operators to promote utilization and implement improvement measures as necessary.

14.11 Government Chief Information Officer (GCIO) supplemented that he was personally leading a steering committee to supervise the implementation of ILSP, and had inspected the frontline operations of the two Implementers. For privacy reasons, neither any Government department nor schools concerned were allowed to pass the names of students from low-income families to the Implementers for follow-up. Families in need would have to come forward to apply for the service on their own initiative. It was observed that the number of applications under ILSP had risen in the past few months, with more than 40 000 families currently receiving assistance under ILSP.

eElderly information portal

14.12 Mr Ronny TONG noted that about \$6 million had been spent in 2009-2010 and 2010-2011 for the development and launch of the dedicated portal for the elderly, but no more funding was apparently provided in 2011-2012. He asked if the information portal had been effective and whether the Administration would continue to provide such a service. GCIO replied in the positive and confirmed that there was enough funding for further refinement of the portal.

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Innovation and Technology

Research and Development Centres

14.13 Mr LEE Wing-tat noted that between April 2006 and December 2011, the five Research and Development (R&D) Centres had completed 258 projects involving an amount of about \$2.25 billion under the Innovation and Technology Fund (ITF). He asked if funding had been reserved to conduct independent assessment on the cost effectiveness of these projects and their commercial viability in 2011-2012. He was of the view that the public should have a right to know whether it was worthwhile to pursue these projects with public funds.

14.14 Commissioner for Innovation and Technology (CIT) responded that in approving research projects for funding support under ITF, the Administration would consider the applications from various angles including possible industry and market potentials. Project proponents would also be required to submit reports after project completion. Although most of the completed projects had achieved the target research objectives, not all of the project results were found to be viable for commercialization as there were numerous factors affecting the adoption of a new technology. The ITF had recently adopted a new assessment framework which required project proponents to put more emphasis to commercialization or realization (i.e. application in the public sector).

14.15 CIT supplemented that a report on the findings and recommendations of the comprehensive review of the five R&D Centres had been submitted to the Panel on Commerce and Industry in December 2011, including an update of the R&D Centres' work on the front of commercialization. Among the R&D Centre projects which had been completed, some of them made progress in commercialization or application in the public sector. However, it would involve substantial resources to assess the cost effectiveness and impact of every project. The Administration undertook to provide supplementary information on the evaluation of the effectiveness of the R&D projects undertaken by the five R&D Centres, and the work of commercialization of R&D results.

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Small Entrepreneur Research Assistance Programme

14.16 Mr WONG Ting-kwong said that the number of applications received and processed under the Small Entrepreneur Research Assistance Programme (SERAP) had dropped in 2011. Noting that the Administration would enhance SERAP by raising the funding ceiling for each project from \$4 million to \$6 million, Mr WONG sought further implementation details to support small and medium enterprises to conduct research and development projects.

14.17 CIT advised that funding support under SERAP was provided on a matching grant basis. At present, small enterprises with venture capital funding were not entitled to join SERAP. The Administration would lift this restriction as it was considered contrary to the policy of encouraging small enterprises to seek more private sector investment. CIT further explained that the scope of SERAP would be expanded to facilitate commercialization including industrial designs, testing and certification of prototypes, pre-clinical trials, etc. The Administration was also examining the possibility of further improving the application procedures.

Hong Kong Internet Registration Corporation Limited

14.18 Mr Ronny TONG enquired about the manpower resources deployed for the monitoring of the launch of full Chinese domain names and implementation of accredited registrars in Hong Kong by the Hong Kong Internet Registration Corporation Limited. GCIO responded that two staff members were deployed from existing resources on a part-time basis to handle the monitoring task, and no extra resources would be required for the time being.

Broadcasting services

Radio Television Hong Kong

14.19 Mr CHIM Pui-chung enquired about the estimated cost for the construction of the new Broadcasting House in Tseung Kwan O, and whether the site currently occupied by the Radio Television Hong Kong (RTHK) in Broadcast Drive would be released for auction after its relocation to the new Broadcasting House.

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14.20 Director of Broadcasting (D of B) advised that the site in Broadcast Drive would be handed back to the Government after relocation of RTHK. The new Broadcasting House would be constructed by using the "design and build" approach. Tendering documents were under preparation, and more realistic cost estimation would be available by the end of 2013. The relevant Panel would be consulted and approval from the Public Works Subcommittee and the Finance Committee would be sought for the project in accordance with the established practice.

14.21 Mr CHIM Pui-chung criticized that the RTHK staff behaved improperly in protesting against the new D of B on his inauguration last year. D of B responded that he respected the freedom of expression by staff of RTHK and he had been listening to their views about the service and governance of RTHK. SCED and D of B further advised that the Government had adhered strictly to the RTHK Charter and upheld the status of RTHK as a public service broadcaster in Hong Kong. RTHK had been providing good quality programmes which had won wide public acclaim.

14.22 Mr LEE Wing-tat asked if resources had been reserved for the conversion of existing non-civil service contract staff in RTHK to civil servants. D of B advised that all civil service posts had to be filled through open recruitment. From March 2011 to February 2012, 17 recruitment exercises had been conducted for the Programme Officer Grade, and about ten more recruitment exercises would be carried out in 2012. Non-civil service contract staff with working experience in RTHK and proven track records should have a competitive edge in the recruitment exercises.

Digital audio broadcasting

14.23 In the light of the recent spate of media reports about alleged conflict of interest in the processing of digit audio broadcasting licence application, Dr PAN Pey-chyou asked about the criteria for granting such a licence, and whether the Chief Executive (CE) was personally involved in the process.

14.24 PS(CT) clarified that the legal framework for processing a licence application was laid down under the Telecommunications Ordinance (Cap. 106). The Broadcasting Authority would take into consideration a number of factors as well as public views gathered through consultation sessions. Its recommendations would be submitted to the CE in Council

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for approval. In response to Dr PAN, PS(CT) confirmed that as digital audio broadcasting was a new service, there was no precedence of a licence application of this kind having been turned down by the CE in Council.

Chapter XV : Financial Services

15.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST), briefed members on the main initiatives and expenditure on the policy area of financial services in 2012-2013 (Appendix IV-13).

Islamic Finance

15.2 Mrs Regina IP expressed concern about the development of Islamic finance in Hong Kong as there was keen competition from Asian countries such as Malaysia and Singapore. She noted that Kuala Lumpur had developed into an Asian Islamic financial hub, and the government of Singapore had sent trainees to Middle East countries to learn their languages, Islamic culture and customs. She asked if any similar measures were being planned in Hong Kong, such as making arrangements for Hong Kong professionals to visit the Islamic community and join efforts with Islamic experts in the Mainland to acquire better understanding of the Islamic culture. Mr WONG Ting-kwong expressed similar views that apart from providing the necessary legislative framework, understanding of Islamic culture was essential to the development of Islamic finance in Hong Kong.

15.3 SFST responded that the Administration aimed to provide a level playing field for common types of Islamic bonds (i.e. Sukuk) vis-à-vis their conventional counterparts with respect to profits tax, property tax and stamp duty. The Administration would first work on providing in the legislation a platform for investors from the Middle East to invest in the financial markets of Hong Kong. SFST pointed out that both the Islamic and non-Islamic communities participated in Islamic finance, and the local financial services sectors had strong incentives to participate in the development of the local Islamic financial industry. A number of private financial institutions had deployed Islamic finance experts to Hong Kong, and tertiary education institutions had organized training courses on Islamic finance for market practitioners and university students. The Administration would continue to collaborate with the private financial sectors and tertiary institutions to promote market knowledge of Islamic finance.

Securities market

15.4 On the work on the Stock Exchange of Hong Kong (SEHK) to attract companies from the Mainland or those from overseas countries to list in Hong Kong, Mr WONG Ting-kwong enquired if SEHK would step up its

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efforts to attract overseas companies to be listed in Hong Kong, given that the Central People's Government had adjusted downward the growth rate of Mainland's Gross Domestic Product for the next year.

15.5 SFST remarked that SEHK would promote the listing of companies in Hong Kong both from the Mainland and from overseas countries. SEHK was already the most popular platform for Mainland companies to raise capital and SEHK would continue its promotion work in this regard. Hong Kong was an international financial centre, many overseas companies also chose to be listed in Hong Kong, and this had helped enhance the reputation of SEHK both internationally and in the Mainland. While the provision of a capital formation platform for Mainland companies would continue to be SEHK's priority, SEHK would also step up efforts to attract overseas companies for listing in Hong Kong.

15.6 Mr CHIM Pui-chung said that in 1986, the four former stock exchanges ceased business and SEHK was established in the same year. SEHK was subsequently merged with the Hong Kong Futures Exchange Limited and the Hong Kong Securities Clearing Company Limited in 1999 under a single holding company of the Hong Kong Exchanges and Clearing Limited (HKEx). Given the tense working relations between HKEx and local small securities brokers, Mr CHIM enquired whether the Administration would allow the small securities brokers to set up a small independent stock exchange for the trading of securities.

15.7 SFST remarked that HKEx was a listed company and the board of HKEx would decide the development strategy of the company. The Administration aimed to work with HKEx to promote Hong Kong's advantages as the premier capital formation centre, in tandem with international trends and requirements. Since the integration of the various securities and futures exchanges, HKEx had successfully developed into Asia's third largest stock exchange in terms of market capitalization. While the current government policy was to allow HKEx to enjoy a monopoly position, the Administration would carefully map out the development policy for the Hong Kong securities market in the light of international developments and having regard to Members' views. The Administration did not consider that developing another stock exchange in Hong Kong was an appropriate strategy given the prevailing trend of some overseas stock exchanges trying to expand their business through acquisition or takeovers of the stock exchanges in other financial markets.

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15.8 Mr CHIM Pui-chung remarked that the Financial Secretary had given approval for Mr Barry CHEUNG to set up an automated trading service (ATS) company to provide a platform for trading in fuel oil and gold, and the ATS company intended to invest in a futures exchange in the United Kingdom. Mr CHIM enquired whether, in approving licences for ATS, the Government had taken steps to ensure that public money would not be involved in mergers and/or takeovers of commercial financial institutions.

15.9 SFST advised that there were more than 10 licensed ATS companies in Hong Kong, which provided specific trading services for different financial products. The Securities and Futures Commission (SFC) approved such licences based on market development considerations and would regulate the operation of such companies.

15.10 Mr CHIM Pui-chung expressed concern that there were a large number of bull and bear contracts being transacted in SEHK and yet the Government did not impose any levy on such transactions. He enquired whether the Government would consider imposing stamp duty on transactions of bull and bear contracts, as in the case of transactions of securities. Mr CHAN Kin-por shared the views of Mr CHIM.

15.11 SFST explained that securities and derivatives were different in nature. As the trading of securities was registered and regulated under a central system, they were subject to payment of stamp duty. Derivatives were a legitimate tool used by investors for risk management. Any arrangement to impose stamp duty on derivatives transactions had to be carefully considered in order to avoid any adverse impact on the liquidity and systemic stability of the securities market.

Investor protection

15.12 Mr CHIM Pui-chung enquired about the number of complaints relating to the Lehman Brothers-related investment products that were still outstanding. He queried why the Administration did not liaise with the Hong Kong Monetary Authority (HKMA) and ask the banks concerned to reach settlement with the complainants of the outstanding cases. He enquired whether the Administration had put in any resources to help the banks and the investors to reach settlement in relation to the sale of Lehman Brothers-related structured products, in order to uphold Hong Kong's status as an international financial centre and protect the interests of investors.

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15.13 SFST said that since the outbreak of the Lehman Brothers Minibonds incident, the need to enhance investor education and to establish a financial dispute resolution regime became apparent. The Administration had introduced into the Legislative Council in June 2011 the Securities and Futures (Amendment) Bill 2011 to empower the SFC to establish a cross-sectoral investor education body to enhance the financial literacy of the investing public in Hong Kong. In addition, funding approval had been obtained from the Legislative Council for the establishment of a financial dispute resolution centre (FDRC) by mid-2012. The FDRC would provide an independent and affordable avenue for resolving monetary disputes between financial institutions and their individual clients. HKMA published weekly reports on the progress of the investigation of Lehman Brothers-related complaint cases. The majority of the complainants had already reached settlement with the banks concerned, and the regulatory authorities would continue to follow up the outstanding cases.

15.14 At the request of the Chairman, SFST agreed to provide information on the number of outstanding complaint cases relating to Lehman Brothers-related investment products.

15.15 Noting that the set-up cost for FDRC was about \$15 million and the annual operating cost for the first three years of FDRC was \$55 million, Mr Ronny TONG enquired why an injection of a non-recurrent provision of \$28 million under Head 148 – Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch) was required for meeting the first year operating cost of FDRC. He considered the operating cost of FDRC was on the high side, and enquired about the estimated workload of FDRC.

15.16 Under Secretary for Financial Services and the Treasury (USFST) explained that FDRC's annual operation expenditure of \$55 million would be jointly met by the Financial Services and Treasury Bureau (FSTB), HKMA and SFC, based on a 50%:25%:25% ratio. Under the funding arrangement, FSTB would require an annual provision of \$28 million for financing FDRC in 2012-2013 and 2013-2014, and a provision of \$21 million for the months from April to December in 2014. The staff cost of FDRC would be about \$26 million a year, whereas other expenses such as office rental, publicity, training would be about \$29 million a year.

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SFST supplemented that FSTB, HKMA and SFC would only provide funding for the FDRC for the first three years of its operation, and after that the operation cost of the FDRC would be recovered from the relevant industries. USFST added that based on the statistics of HKMA and SFC in dealing with financial disputes in the past few years, it was estimated that the FDRC would handle about 2 000 cases a year.

Mandatory Provident Fund system

15.17 Mr CHAN Kin-por noted that the Mandatory Provident Fund Schemes Authority (MPFA) had engaged a consultant to conduct a study on the administration costs of Mandatory Provident Fund (MPF) trustees, with a view to facilitating cost reduction and thereby allowing room for further fee reduction. He considered that in drawing on the experience of similar schemes in overseas countries, the Administration and the consultant should bear in mind that the MPF system in Hong Kong and similar overseas schemes were different in their historical background, scope and regulatory arrangements. Even though some trustees might charge relatively low administrative fees, scheme members might still choose trustees which charged higher fees because of expected higher returns from the relevant schemes. He asked that the Administration and the consultant should consult the industries concerned to attain better understanding of the mode of operation of the trustees and the costs involved.

15.18 SFST advised that MPFA's consultancy study aimed to identify ways to streamline the operation procedures of the trustees and the enforcement procedures of MPFA with a view to facilitating cost reduction thereby allowing room for further fee reduction. Permanent Secretary for Financial Services and the Treasury (Financial Services) (PS(FS)) added that the consultant maintained close liaison with the trustees who provided the necessary information and data for the study. The consultant had previously undertaken a similar study in Australia and should be able to draw meaningful comparison between the MPF System in Hong Kong and similar schemes of overseas jurisdictions.

15.19 Dr PAN Pey-chyou expressed concern about the enforcement against employers who defaulted on MPF contributions. At his request, the Administration agreed to provide the following information for each of the years since the implementation of the MPF scheme, if available:

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- (a) number of complaints on default MPF contributions by employers and the amounts involved in the cases;
- (b) number of prosecutions filed against employers for defaulting on MPF contributions, the success rate of the prosecutions, and the amounts of money recovered from the employers; and
- (c) the sentences imposed on those employers convicted of defaulting on MPF contributions, and reasons for imposing imprisonment sentence on an employer for default MPF contributions in a recent court case.

Insurance

15.20 Mr CHAN Kin-por remarked that given that the proposed Independent Insurance Authority (IIA) would have the authority to take disciplinary actions against members of the insurance industry, insurance intermediaries had requested that they should be represented at the disciplinary committee of the proposed IIA in order to ensure that all complaints were dealt with in a fair manner.

15.21 Commissioner of Insurance advised that the board of directors of the proposed IIA would include persons who were knowledgeable of the insurance industry. The board would be underpinned by, among other committees, an expert panel which would comprise insurers and insurance intermediaries undertaking different types of insurance services. The disciplinary committee would take into account the comments from the expert panel in handling the disciplinary cases. The inclusion of representatives from the insurance industry in the disciplinary committee might give rise to concerns about possible conflict of interest and/or leakage of sensitive commercial information. According to the present proposal, any person who was aggrieved by the decision of the disciplinary committee could appeal to an independent Insurance Appeals Tribunal or initiate legal proceedings.

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Duty visits

15.22 In response to Mr Ronny TONG's enquiry regarding the provision of about \$15 million for various consultancy services and promotion events under Head 148, PS(FS) explained that the provision was required for conducting a consultancy study on risk-based capital framework for insurance business in Hong Kong and overseas roadshows on Hong Kong as China's global financial centre and an off-shore Renminbi trade settlement centre. SFST would lead some of the delegations comprising representatives from the financial, securities and insurance sectors to host the roadshows in overseas countries or in the Mainland.

15.23 As regards the overseas duty visits undertaken by SFST in the past year, SFST said that as part of his responsibilities, he had to undertake duty visits to liaise with the financial regulatory authorities in the Mainland and other jurisdictions on various cooperation matters such as arrangements to avoid double taxation. It was also necessary for him to participate in international forums, including those on regulatory reform measures introduced after the global financial crisis. The majority of his duty visits in the past year involved liaison with the relevant Mainland authorities for the development of closer financial co-operation and Renminbi business between Hong Kong and the Mainland.

15.24 At the request of Mr Ronny TONG, SFST agreed to provide information on the duty visits to the Mainland and overseas countries undertaken by SFST and/or other officers of FSTB in the past financial year, with details about the places and purposes of the visits, the participating officers, and the expenditure involved.

Chapter XVI : Public Finance

16.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST) highlighted the major initiatives in public finance under his purview in 2012-2013 (Appendix IV -14).

Expenditure

Fiscal policy

16.2 Mr LEE Wing-tat remarked that the Administration used to adopt the principle that the expenditure of the Government should not exceed 20% of the Gross Domestic Product (GDP) of Hong Kong. Mr LEE observed that the Administration had adopted a more flexible approach in recent years and enquired whether the Administration still followed the principle and how far it would allow its fiscal planning to deviate from the 20% benchmark.

16.3 SFST responded that 20% was not an absolute limit for public expenditure in terms of GDP. It was, nevertheless, a reasonable reference figure. The Administration followed the approach of "policy leads, resource follows" in preparing the budget and complied with the requirement under the Basic Law that the Government shall follow the principle of keeping expenditure within the limits of revenues. The percentages varied in individual years due to factors such as the drop in GDP, increase in expenditure for the implementation of one-off measures etc.

Overall expenditure

16.4 Mr CHIM Pui-chung sought explanation for the significant increase, i.e. about \$1,430 million or 24% higher than the revised estimate for 2011-2012, in the estimated recurrent expenditure of the Treasury Branch of the Financial Services and the Treasury Bureau in 2012-2013. Principal Assistant Secretary (Treasury)(H) explained that for 2012-2013, the increase was mainly attributed to additional provision of \$1.1 billion to provide for possible compensation payment to the two electricity companies arising from court cases on rates matters.

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"Save and Invest" arrangement

16.5 Mr LEE Wing-tat said that he gathered that it had been a common practice of Government bureaux and departments that they would wish to use up the money in their accounts before the end of a financial year so that the provisions for the following year would not be reduced due to under-expenditure. Mr LEE enquired whether such practice still existed.

16.6 Permanent Secretary for Financial Services and the Treasury (Treasury) responded that the scenario as described by Mr LEE no longer existed. Given the stable financial position of the Government in recent years, Controlling Officers were provided with extra funds in addition to their baseline provisions. Years ago, to encourage bureaux and departments to achieve savings, the Government introduced the "Save and Invest" (S&I) arrangement under which an additional provision equivalent to a percentage of the savings would be provided to controlling officers in the next financial year. The percentages adopted were determined having regard to factors such as the overall financial position of the Government and the amount of savings achieved. Different percentages, for example, 50% and 25% had been used in the past.

16.7 At the request of Mr LEE Wing-tat, the Administration agreed to provide details of the S&I arrangement, the number of Controlling Officers who had made use of the S&I arrangement in the past two financial years, and the percentage of savings carried forward for use in the following year(s).

Maintenance of government buildings

16.8 Mr CHIM Pui-chung commented that the maintenance costs for some 8 000 government buildings appeared to be on the high side, amounting to about \$800 million a year or \$100,000 per building.

16.9 Director of Architectural Services (DArchS) explained that as the building floor area of each government building was different, the maintenance cost for each building was different. The total floor area was about 280 000 square metres. Every year there were about 350 000 work orders for minor maintenance works of government buildings, in addition to the routine maintenance projects.

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Rentals of government offices

16.10 Mr Ronny TONG enquired about why there was still an increase in rental payments for government offices in 2012-2013, after the completion of the Central Government Offices in Tamar. He asked whether it was due to the provision of large offices for officers in the government offices in Tamar.

16.11 Government Property Administrator (GPA) said that the increase in rental payments was due to the need to provide additional offices in different districts to meet the operational needs of various departments. It was the Government's policy to relocate offices with no specific location requirements out of the core business districts and to accommodate government offices in government-owned properties as far as possible. Currently, there were about 4 000 square metres of leased government offices in Central and Admiralty, which would be reduced to about 230 square metres in 2015. As regards space standards, GPA said that there were established accommodation standards governing the provision of office space to different levels of officers.

Revenue

Rates concession

16.12 Mr Albert CHAN opined that the large property developers would benefit most from the proposal to grant rates concession for rateable properties, while people who lived in private rented residential units would not be able to benefit from the proposal. Mr CHAN was of the view that rates concession was a measure to transfer benefits to the large property developers. Referring to the information recently provided by the Administration to a subcommittee formed to scrutinize the Rating (Exemption) Order 2012, he pointed out that the company which benefited most from the proposed rates concession in 2012-2013 would save about \$90 million for payment of rates. Some companies would save about \$10 million to \$20 million for payment of rates. Given that the proposed rates concession would cost the Government about \$11.7 billion, he enquired whether the Government had assessed the amounts which the ten largest property developers and their many subsidiary companies would benefit from the measure.

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16.13 SFST responded that the rates concession measure had been implemented in past years and was aimed to provide financial relief to individual domestic households. Based on the rates concession ceiling of \$2,500 per quarter for each rateable property, about 2.62 million or 93% of the domestic property owners would not have to pay any rates in 2012-2013, as these property owners on average used to pay about \$1,125 per quarter for rates.

Tax exemption for charitable organizations

16.14 Mr CHAN Kin-por expressed concern that some charitable organizations, especially certain private hospitals, were granted sites at below market price level, and were exempt from profits tax even though they made huge profits from their operations. He pointed out that some of these hospitals paid huge bonus to their staff and then increased the charges for their hospital services. Other hospitals had to follow suit in order to retain their staff, resulting in a vicious cycle of rising charges among the private hospitals. He enquired whether the Inland Revenue Department (IRD) had investigated if any of these hospitals had deviated from their claimed charitable purposes, and reviewed the tax exemption status of these hospitals.

16.15 Commissioner of Inland Revenue said that monitoring charities was not within the ambit of IRD. In order to ensure that tax-exempt charities remained eligible for tax exemption, IRD would issue questionnaires to the tax-exempt charities every few years to see if they had adhered to their charitable objects and check their financial statements. Charitable and non-profit-making hospitals were not allowed to disburse their incomes to their directors or senior management staff in accordance with their memorandum and articles of association. However, it would not be feasible for IRD to assess whether the remuneration for hospital staff was reasonable, and hence no guidelines had been issued in this regard. SFST remarked that the issue raised by Mr CHAN Kin-por might not be a taxation matter per se.

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Letting of government premises

16.16 In response to Mr Ronny TONG's enquiry as to the reasons for the decrease in rental income in 2012-2013 (i.e. from \$669 million in 2011-2012 to \$501 million in 2012-2013), GPA clarified that discounting the one-off premium of about \$200 million for the letting of offices in Admiralty in 2011-2012, the rental income from the letting of government premises would increase in 2012-2013 (i.e. \$501 million in 2012-2013 vis-à-vis the adjusted actual income of \$467 million in 2011-2012).

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17.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the major initiatives and expenditure concerning welfare and women for the 2012-2013 financial year (Appendix IV-15).

Strengthening elderly care services

Residential care services for the elderly

17.2 Mr Alan LEONG expressed concern about the long average waiting time for subsidized residential care places for the elderly. He said that Members belonging to the Civic Party had suggested that the Administration should increase the funding for residential care services for the elderly by \$610 million each year, to provide for some 4 000 additional care and attention places and 1 200 additional nursing home places, in order to clear the waiting list for such services within five years. Sharing a similar view, Mr WONG Yuk-man expressed regret that thousands of elders passed away each year while waiting for subsidized residential care services. These members asked about the financial provisions and new initiatives to improve the situation.

17.3 SLW responded that the Administration had continuously allocated resources to substantially increase the provision of subsidized residential care places for the elderly, in particular nursing home places which catered for the needs of frail elders. From 2011-2012 to 2014-2015, eight new contract residential care homes for the elderly (RCHEs) would commence operation. The Administration had also earmarked sites in another nine development projects for the construction of new subsidized contract RCHEs. With the new funding in 2012-2013 and other committed resources, over 2 600 new subsidized residential care places (about 1 250 nursing home places and about 1 400 care and attention places) would commence service from 2011-2012 to 2014-2015. Apart from increasing the provision of residential care places, the Administration also attached great importance to their quality. In 2012-2013, the Administration would allocate about \$15 million to upgrade the quality of over 600 places from EA2 to EA1 level under the Enhanced Bought Place Scheme (EBPS), thereby encouraging elders who needed residential care services to choose EBPS homes and enhancing the overall quality of RCHEs.

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17.4 SLW advised that the waiting time for subsidized residential care services was affected by a number of factors, e.g. the special preference of applicants in terms of location, religion, and/or types of meal offered by the RCHE, and the turn-over rates of RCHEs, etc. Applicants might also choose to wait for a particular RCHE. Over 94% and 99% of the applicants of nursing home place and care and attention home place respectively had indicated a preferred location. It was therefore difficult to estimate the waiting time and the additional provision required to clear the waiting list. The waiting time of an elder could be substantially reduced if he or she had no specific preference.

17.5 SLW supplemented that for elders waiting for subsidized residential care places, there were various types of Government subsidy and subsidized services which could provide them with the necessary support and relieve the burden and stress of their carers. For instance, some 7 000 elders staying in private/self-financing RCHEs were receiving Comprehensive Social Security Assistance, while some other 4 000 elders were receiving subsidized community care services.

17.6 Mr CHEUNG Kwok-che noted that the Social Welfare Department (SWD) launched a conversion programme in June 2005 to convert residential care places in 75 subvented RCHEs which did not have long-term care element to long-term care places providing continuum of care. He expressed concern about the slow progress of the programme as only two subvented RCHEs had completed the conversion works.

17.7 SLW advised that in order to minimize disturbance to the existing residents, the conversion programme was implemented in phases, subject to the availability of vacancies as a result of natural wastage or change in the care level of existing residents. It might therefore take a few years for a subvented RCHE to be fully converted physically. To speed up the physical conversion works, SWD had simplified the funding process such that subvented RCHEs were given the option to apply for a lump sum subsidy under the Lotteries Fund. SWD would monitor the implementation of the conversion programme and introduce improvement measures as and when necessary.

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Pilot scheme on community care services voucher for the elderly

17.8 Mr WONG Sing-chi queried the rationale for setting a single voucher value of \$5,000 per month per participant under the pilot scheme on community care services (CCS) voucher for the elderly. He said that some stakeholders had reservation about the pilot scheme for fear that the Administration might subsequently reduce the provision of subsidized residential care places for the elderly. In this connection, he urged the Administration to shorten the waiting time for subsidized residential care services by half after the introduction of the scheme.

17.9 SLW advised that under the pilot scheme, the Administration would provide subsidy directly to eligible service users for them to choose the service they needed. The Administration hoped that by adopting the new funding mode of "money follows the person", different types of service providers would be encouraged to join the market, thereby promoting the further development of CCS. As the services available to users under the pilot scheme were similar to the existing CCS, the voucher value should also be comparable to existing service costs. At present, the unit cost for subsidized day care service was around \$7,500 per month, while that for the Enhanced Home and Community Care Services was around \$3,500 per month. In the first phase of the pilot scheme, the Administration proposed that all service users should be elders with impairment at moderate level. Since they had similar care needs, the Administration thus set a single voucher value of \$5,000. With the experience gained in the first phase, the Administration would consider introducing more complex features in the second phase of the pilot scheme to meet the various needs of elders.

17.10 SLW further advised that elders with long-term care needs did not necessarily age in RCHes. Further development of CCS would encourage elders to age in place and thus avoid premature and unnecessary institutionalization, thereby reducing the number of elders waiting for subsidized residential care services. However, one could not estimate the impact on the waiting time at this stage. SLW said that the Administration was fully aware of elders' need for long-term residential care services. The Administration would continue its efforts in providing more subsidized residential care places for the elderly.

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Support to demented elders

17.11 Dr PAN Pey-chyau noted that only \$9.7 million among the increased recurrent funding of \$137.2 million for Dementia Supplement (DS) would be allocated to subsidized day care centres/units for the elderly (DEs/DCUs). He called on the Administration to allocate more resources to the DEs/DCUs and to provide more support services to the carers of demented elders.

17.12 Director of Social Welfare (DSW) advised that to strengthen the support to demented elders, the increased funding for DS would be provided to subvented RCHEs, private RCHEs participating in EBPS and subvented DEs/DCUs. With the additional funding, these RCHEs and DEs/DCUs could employ additional professional staff, including occupational therapists, nurses and social workers, etc., or purchase relevant professional services. DEs/DCUs could also use DS to provide training programmes and services for demented elders as well as support services for their carers as necessary. DS would be allocated to RCHEs and DEs/DCUs according to the actual or estimated number of demented elders there, as the case might be. The Administration would monitor the utilization of DS in DEs/DCUs and introduce improvement measures as and when necessary.

Elderly centres

17.13 Referring to the Administration's initiative to set a higher standard for space provision in district elderly community centres (DECCs) and neighbourhood elderly centres (NECs), Mr CHEUNG Kwok-che noted that only 63% of DECCs and 47% of NECs had attained the prescribed standard. As in-situ expansion might not be possible, some non-governmental organizations (NGOs) which operated the centres would like to set up sub-bases instead. He called on the Administration to relax the requirement on the opening hours of sub-bases, thus giving the elderly centres more flexibility in the deployment of staff. DSW advised that SWD would continue to help the remaining centres relocate elsewhere or set up sub-bases as appropriate. Moreover, special consideration would be given to individual centres on the opening hours of their sub-bases taking into account the actual service demand.

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17.14 Noting that the Administration had only indicated a slight increase in the average cost per place per month, from \$6,663 in 2011-2012 to \$6,695 in 2012-2013, Mr CHEUNG Kwok-che asked whether the funding earmarked for DEs/DCUs was sufficient. In response, DSW advised that the estimated cost did not include any pay adjustment for 2012-2013.

Public transport concessions for the elderly and person with disabilities

17.15 Mr KAM Nai-wai enquired about the timetable for implementing the proposed public transport concession scheme for the elderly and persons with disabilities (the Scheme). Noting that the Scheme did not cover the tram and green minibus, he enquired whether there would be adverse impact on the patronage of the tram and green minibus after the implementation of the Scheme, thereby causing request for fare increase by the operators. He called on the Administration to extend the Scheme to cover these modes of public transport.

17.16 SLW responded that the Administration had been pressing ahead with full steam the various preparatory work. Considerable time would be required for modifying, upgrading and testing the Octopus system of the respective public transport operator with a view to ensuring stability, reliability and accuracy. The Administration aimed to launch the Scheme in the third quarter of 2012 upon completion of the preparatory work.

17.17 SLW supplemented that to enable the elderly and eligible persons with disabilities to enjoy the concessionary fares as soon as possible, the Administration would launch the Scheme first on the three major modes of public transport, viz. the Mass Transit Railway, franchised buses and ferries, which accounted for about 70% of Hong Kong's average daily patronage of the public transport. The Administration would review the feasibility of extending the Scheme to other modes of public transport after it had operated for some time.

Residential care services for persons with disabilities

17.18 Mr LEE Cheuk-yan expressed concern about the long average waiting time for subsidized residential care places for various rehabilitation services. He noted that the actual additional places provided in 2009-2010 and 2010-2011 fell far short of the planned additional places for various types of service. He enquired about the reasons in this respect and whether

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the Administration would be able to provide 627 additional places in 2012-2013 as planned. In this connection, he urged the Administration to provide allowances to the family carers of persons with disabilities.

17.19 SLW responded that additional residential care places could not be provided as planned because of the longer than expected time required for conducting local consultations, securing the allocation of premises and carrying out refurbishment or fitting-out works, etc. DSW supplemented that SWD would continue to strengthen communication with the local community in a proactive and pragmatic manner, with a view to securing suitable premises for setting up new residential care homes for persons with disabilities and rehabilitation facilities. SLW said that the Kau Wah Keng Integrated Rehabilitation Services Centre for persons with disabilities was targeted to commence operation within 2012. The Administration was confident that it would be able to provide 627 additional residential care places for persons with disabilities in 2012-2013 as planned.

17.20 SLW supplemented that persons with severe physical and/or intellectual disabilities required a higher level of care and support. The Administration was mindful of their special care needs and the immense pressure faced by their family carers. The pilot scheme on Home Care Service for Persons with Severe Disabilities was launched in March 2011 to facilitate home living of these persons with disabilities while waiting for residential care services, and help relieve the stress of their family carers. The pilot scheme had been tried out in Tuen Mun and Kwun Tong which had the largest number of persons with severe disabilities waiting for residential care services, and expanded to Kwai Tsing and Wong Tai Sin in September 2011. The Community Care Fund had also introduced the Assistance Programme of Special Care Subsidy for the Severely Disabled with a view to providing additional assistance to severely disabled persons living in the community. Each eligible person would receive a monthly special care subsidy of \$2,000 for a period of not more than 12 months.

Public transport services for persons with disabilities and barrier-free facilities of Government premises

17.21 Mr Frederick FUNG enquired about the progress in making public transport more accessible to persons with disabilities. SLW advised that the Administration would continue to uphold the vision of "Transport for All" and work closely with the public transport operators to promote

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accessibility on Hong Kong's public transport services. Commissioner for Transport (C for T) supplemented that currently over 60% of the franchised bus fleet were wheelchair accessible low-floor buses. All franchised bus companies (except New Lantao Bus Company (1973) Limited) had agreed to use such buses in their entire fleet by 2015-2016. At present, the entire bus fleet of the Kowloon Motor Bus Company (1933) Limited, Long Win Bus Company Limited, and the Hong Kong Island routes and harbour crossing routes of the Citybus Limited were equipped with bus stop announcement system. The New World First Bus Services Limited and the North Lantau and airport routes of Citybus Limited would complete the installation of the aforesaid system for their entire fleet by end of 2012.

17.22 C for T further advised that given the current design of public light buses, wheelchair users and persons with severe walking difficulties might find it difficult to board or alight these buses. C for T also noted that a social enterprise had launched a trial service with a fleet of five wheelchair accessible vehicles to provide 24-hour taxi hiring services for wheelchair users for point-to-point trips or by hourly rates. The Administration encouraged the industry to introduce more wheelchair accessible taxis if the market responded positively.

17.23 The Chairman noted that the Administration had carried out a comprehensive retrofitting programme costing \$1.3 billion to upgrade the barrier-free facilities in about 3 700 existing Government premises and facilities and about 300 premises under the Housing Authority. She urged the Administration to expedite the work progress of the retrofitting programme and ensure the completion of works of around 3 300 premises and facilities by June 2012 as scheduled.

Integrated Community Centres for Mental Wellness

17.24 As regards Mr CHEUNG Kwok-che's enquiry about the staffing establishment of the Integrated Community Centres for Mental Wellness (ICCMWs), DSW advised that under the Lump Sum Grant subvention system, the operating NGOs of ICCMWs had the flexibility in deploying the subvention to arrange suitable staffing and strengthen their manpower to ensure service quality and meet service needs. The Administration therefore did not have a detailed breakdown of the staffing establishment and the number of staff in each ICCMW.

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17.25 DSW further advised that in general, the manpower of an ICCMW would include social worker, nurse, occupational therapist, etc. In particular, the operating NGOs were required to provide in each ICCMW a minimum of two registered social workers with at least three years of experience in mental health service. The Administration would continue to monitor the operation of ICCMWs with reference to various indicators such as the number of cases served.

Short-term food assistance service projects

17.26 Regarding the short-term food assistance service projects for individuals and families in need, Mr CHAN Kin-por suggested that the Administration should consider enhancing the service by operating kitchen and canteen service to provide hot meals to service users to better serve their needs.

17.27 SLW and DSW advised that the Administration had been monitoring the service closely and had implemented service enhancement measures since late October 2011. These measures included the provision of fresh and nutritious food to service users (in particular children) and food or hot meal coupons which could be redeemed at designated food stalls, supermarkets and restaurants. The Finance Committee had approved an additional funding of \$100 million in December 2011 for the continuation and enhancement of the service. DSW supplemented that some NGOs were providing short-term food assistance or operating kitchens or canteen service without Government subvention. If these organizations had to identify premises for providing their services, SWD would assist as appropriate. SWD had all along encouraged and would continue to encourage NGOs to collaborate with the business sector to provide hot meal services. The Administration did not intend to operate its own kitchen and canteen service.

17.28 Mr Alan LEONG relayed the concern of a service user of the short-term food assistance service that the latter had received less amount of food when using food coupons to redeem meat or vegetables at designated food stalls or supermarkets, as compared with that of ordinary purchase of the same price.

17.29 SLW responded that this might involve fraud in terms of weights and measures and was unacceptable. He requested Mr LEONG to provide information on the case to the Administration for follow-up.

Setting up of database on so-called "N have-nots"

17.30 Mr CHAN Kin-por called on the Administration to set up a database on the so-called "N have-nots" who did not benefit from any of the relief measures announced in the 2012-2013 Budget, so as to facilitate the provision of assistance by the Administration. Echoing Mr CHAN Kin-por's view, Mr Alan LEONG suggested that the Administration should consider defining the "N have-nots" and asking these people to approach the Administration for registration, so as to include their information in the database if they met the relevant criteria. Mr LEONG also suggested that the Community Care Fund should be tasked with the setting up of such database. SLW noted members' suggestions and said that the Administration was considering how these people should be helped.

Workload of Social Security Assistants

17.31 Ms LI Fung-ying said that there had been quite a number of complaints from the Social Security Assistants (SSAs) about the heavy and increasing workload of the SSA grade staff of SWD. Since the number of cases served under the Social Security Allowance Scheme would increase from 711 400 in 2011-2012 to 752 400 in 2012-2013, but only three additional posts of SSA grade would be created in 2012-2013, Ms LI expressed concern about the tremendous increase in work pressure on the SSA grade staff.

17.32 DSW responded that SWD had implemented various initiatives to alleviate the workload and work pressure of SSA grade staff. These initiatives included developing the new Computerized Social Security System, implementing risk management to improve resources allocation and efficiency, streamlining work procedures, and re-engineering resources by setting up a centralized unit to handle special cases, such as cases involving debt recovery and fraud investigation, etc. DSW supplemented that the establishment of SSA grade staff and the caseload handled in the past five years had increased by 5.64% and 6.6% respectively. SWD would continue to review the workload of frontline staff from time to time, deploy or seek additional manpower resources as appropriate, and streamline the workflow as necessary.

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Commission on Poverty

17.33 Mr Frederick FUNG enquired about the progress of the Administration in implementing the recommendations of the former Commission on Poverty (CoP), and the latest poverty situation of Hong Kong.

17.34 SLW responded that the Task Force on Poverty of Labour and Welfare Bureau had duly followed up the 53 recommendations made by the former CoP. The Administration had been closely monitoring the poverty situation of Hong Kong through a set of 24 multi-dimensional indicators recommended by the former CoP. SLW undertook to provide a progress update on the implementation of the 53 recommendations, information on the poverty situation of Hong Kong in terms of persons living in subdivided flat units or partitioned rooms and the Administration's poverty alleviation measures in this respect.

Women's interests and the Neighbourhood Support Child Care Project

17.35 Ms LI Fung-ying expressed concern that women who acted as family carers did not have any retirement protection, and that women worked as part-time domestic helpers did not enjoy comprehensive protection under the Employment Ordinance (Cap. 57). She also opined that the child care service was inadequate in terms of the limited service hours and number of child care centres. She asked about the measures to address these problems and promote the well-being and interests of women.

17.36 SLW advised that to support parents who were unable to take care of their children temporarily because of work or other reasons, the Administration subsidized NGOs to provide a wide range of child care services and strived to increase the flexibility of such services. In October 2008, SWD launched the three-year Neighbourhood Support Child Care Project (NSCCP) on a pilot basis. Upon its regularization and extension to 18 districts in October 2011, NSCCP provided at least 720 places in total, consisting of 468 home-based child care places and 252 centre-based care group places.

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17.37 SLW supplemented that the implementation of the statutory minimum wage (SMW) represented a significant breakthrough in protecting the grassroots workforce, and had brought substantial improvement to the employment earnings of low-income workers and increase in junior jobs. It was noted that the female labour force had increased distinctly, with the number of women workers went up by over 90 000. The latest figures in October to December 2011 showed that the average employment earnings of the lowest decile full-time employees had increased by 14.1% (or an increase of 8.4% net of inflation), which was much higher than the overall average increase of 6.3%.

17.38 Mr LEE Cheuk-yan commented that the incentive payment of \$18 to \$22 per hour for the home-based child carers of NSCCP was too meagre. SLW responded that NSCCP was not an employment project. It aimed to provide parents with more flexible child care services in addition to regular ones, and at the same time promote community participation and mutual assistance in the neighbourhood. It would create a win-win situation for both the needy families and the home-based child carers. During the sharing and focus group meetings, feedback from the home-based child carers was generally positive. They generally understood that NSCCP was meant to be a mutual help support child care project rather than an employment project, and were happy to be able to contribute to the community.

17.39 The Chairman said that there were negative comments from various women's groups on the Administration's recent appointment of the new chairperson of the Women's Commission. SLW responded that the Administration had maintained close liaison with various women's groups. The new chairperson had served as a member of the Women's Commission since 2006 and had made valuable contribution to promoting the interests and well-being of women in Hong Kong.

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18.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-16).

Enforcement of the Employment Ordinance

18.2 Mr CHAN Kin-por noted that in 2011, the Labour Department (LD) initiated 329 prosecutions, with 278 convictions, against employers in the "Finance, Insurance, Real Estate and Business Services" industry for offences related to wage, holiday and failure to take out employees' compensation insurance. He enquired how many of those cases involved employers in the insurance business who had failed to take out employees' compensation insurance, as he considered it unusual for insurance companies not taking out insurance. SLW replied that the insurance business was grouped with related trades to facilitate presentation of statistics only and he undertook to provide a breakdown on the number of prosecutions and convictions related to the said industry.

18.3 Noting that there were 226 applications in 2011, with only a success rate of about 1.3%, for importing workers under the Supplementary Labour Scheme (SLS) in the "Finance, Insurance, Real Estate and Business Services" industry, Mr CHAN Kin-por enquired about the reasons for the high demand for imported workers in the industry as Hong Kong did not lack local financial and insurance talents. He also asked why the success rate for that industry was much lower than other industries such as "Agriculture and fishing". SLW and Commissioner for Labour (C for L) responded that only applications for importing low-skilled workers were processed under SLS, and most of them were mainly cleaner or security positions. Before approving the applications, the Administration would have to be satisfied that the applicants had tried but were unable to recruit the workers locally. Comments from the Labour Advisory Board (LAB) would be sought before giving approval.

18.4 Mr CHAN Kin-por suggested that given the low success rates in the past three years of applications for importing workers in the "Finance, Insurance, Real Estate and Business Services" industry, the Administration should step up efforts to explain to employers in the industry the nature and eligibility criteria of SLS, so that employers would not file applications that were unlikely to be approved. C for L agreed to consider the suggestion.

Paternity leave and statutory leave

18.5 Ms LI Fung-ying expressed disappointment that the Administration only encouraged the private sector to provide paternity leave to employees. She said that based on past experience in promoting the right of collective bargaining and wage protection, encouragement alone had never been successful in advancing labour interests. She enquired what concrete measures the Administration would adopt to promote paternity leave in the private sector.

18.6 SLW responded that LD had been actively promoting paternity leave. According to a survey conducted by the Small and Medium Sized Enterprises Human Resources Managers' Club which had more than one thousand members, the percentage of companies in Hong Kong providing employees with paternity leave had risen from 16% in 2006 to 21% in 2008, reflecting a shift in corporate culture. The Administration was currently examining introducing paternity leave by legislation, and would carefully consider all relevant factors including the interests of various stakeholders, labour rights, family and work balance and ethical issues such as whether such leave should be granted irrespective of the marital status of the employees. The Administration would come up with proposals to promote paternity leave to LAB by the second quarter of 2012 and consult the Panel on Manpower. Ms LI Fung-ying criticized the Administration for playing delaying tactics as it should be possible for the Administration to provide paternity leave to civil servants in the second quarter of 2012.

18.7 Mr CHEUNG Kwok-che enquired about the Administration's stance on increasing the annual number of days of statutory leave from 12 to 17, i.e. the annual number of days of general holidays. SLW responded that employees were entitled to 12 days of paid leave under the Employment Ordinance (Cap. 57) whereas the 17 days of general holidays referred to those days on which institutions such as government offices, schools and banks were normally closed. As such, statutory leave and general holidays were conceptually different and should not be mixed up. SLW added that the Census and Statistics Department was conducting a survey on the respective numbers of employees enjoying 12 and 17 days of paid leave, and the occupation and industry types to which such employees belonged. In reply to Mr CHEUNG's further question, SLW advised that survey results would be available by mid-2012 and the Administration would then consider the way forward on the basis of the survey results.

Work Incentive Transport Subsidy Scheme

18.8 Mr LEE Cheuk-yan queried whether the provision of \$1,374.9 million in 2012-2013 for expenditure under the Work Incentive Transport Subsidy (WITS) Scheme was reasonable as only \$35 million were paid out under the WITS Scheme up to the end of 2011. Although the Administration had indicated that the Scheme would benefit more than 200 000 people, only about 20 000 applications had been received so far. Even after the recent relaxation of the income and asset limits for the WITS Scheme, he expected that there would be some 40 000 to 50 000 applications at the most. He urged the Administration to consider adopting the dual-track approach of allowing applicants to choose to be means-tested either on an individual or household basis, so as to benefit those who were genuinely in need of the subsidy.

18.9 SLW responded that the provision of \$1,374.9 million was an estimation only, which would be updated based on the actual number of applications received. He added that the number of WITS applications had been on the increase in the past few months, and more applications were expected in the coming financial year. A mid-term review would be conducted in October when full-year data were available.

18.10 Mr LEE Cheuk-yan commented that the amount of administrative expenses, i.e. \$35.7 million, or 50% of the expenditure of \$70.7 million for the WITS Scheme in 2011, was excessive. He said that deploying more than 200 staff members to handle the some 2 000 applications a month was a waste of resources. He criticized that such resources should better be deployed to benefit more workers. SLW responded that as the WITS Scheme was a new initiative, it was necessary to deploy sufficient manpower to cope with the estimated workload. If there was a surplus in manpower resources, some of the staff would be redeployed for other duties. He also said that it was not a prudent use of public resources to adopt the dual-track approach for the purpose of spending the allocation as much as possible.

18.11 Mr LEE Cheuk-yan said that although the Administration had relaxed the income and asset limits for WITS Scheme, the new arrangement would not take effect until October 2012. Given the recent publicity on the new arrangements, some people who were eligible under the relaxed criteria

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might submit applications now. He urged the Administration to implement the relaxed criteria immediately so that the eligible employees under the relaxed scheme could get transport subsidies covering the past six months. SLW responded that from the applications received recently, there was no indication that applicants had misunderstanding about the effective date of the new arrangements. He said that when the new limits took effect in October 2012, successful applicants would be paid the transport subsidies counting from March 2012.

18.12 Mr LEUNG Kwok-hung said that the Women's Day was founded to commemorate the achievements in the century-long campaign for women franchise, eight-hour work day and equal pay for equal work between women and men. He thought it satirical that none of these goals had materialized in Hong Kong, and women labour were the majority among the low-income categories. He criticized the Administration for refusing to waive the means test in the application for WITS on the pretext of a lack of consensus in the community.

18.13 Mr LEUNG Kwok-hung further commented that while the recurrent spending on labour and manpower development in 2012-2013 would increase by \$250 million or 19% over the revised estimates of 2011-2012, the total spending on labour and manpower development was still less than 1% of the total recurrent government expenditure. He criticized that the Administration had frozen a large amount of provisions for the WITS Scheme which would largely remain unspent, leaving little resources for implementing the needed services to advance labour interests.

18.14 SLW said that the Administration had provided resources to implement various new initiatives, including the "Employment in One-stop" in Tin Shui Wai, to promote labour interests.

False self-employment

18.15 Mr Alan LEONG noted that in 2011, LD had initiated 89 prosecutions under the Employment Ordinance or the Employees' Compensation Ordinance (Cap. 282) against employers who had engaged employees under the guise of self-employment. He said that recently there were media reports that temporary actors were forced to accept self-employment terms, indicating that the problem of false self-employment might be more wide spread than was reflected by the

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prosecution statistics. As the Administration had claimed to be tackling the problem with a three-pronged approach, Mr LEONG queried whether the approach was effective, and what improvement measures the Administration would introduce.

18.16 SLW replied that there were various channels for employees to come forward to report to LD any suspected infringement upon their rights, e.g. calling LD's telephone hotline (2815 2200). He said that in considering prosecution of false self-employment, it was necessary to have evidence that there was a bona fide employment relationship between the complainant and the defendant. Employers had been reminded that engaging in false self-employment arrangements was an offence under both the Employment Ordinance and the Employees' Compensation Ordinance.

18.17 Regarding allegations of false self-employment involving temporary actors in the entertainment industry, SLW said that LD was investigating the case and prosecution would be initiated if there was sufficient evidence.

Productivity assessment under the Minimum Wage Ordinance

18.18 Mr Alan LEONG said that between 1 May 2011 and 31 January 2012, only 184 persons with disabilities had undergone productivity assessment under the Minimum Wage Ordinance (Cap. 608) (MWO). He enquired whether the Administration would review the voluntary assessment arrangement, and whether improvement measures would be introduced.

18.19 SLW said that the voluntary productivity assessment arrangement was introduced in response to persons with disabilities' concern about the impact of the implementation of MWO on their employment. He explained that MWO provided for persons with disabilities the right to choose to undergo a productivity assessment to determine whether they should be remunerated at a rate lower than statutory minimum wage (SMW) but commensurate with their productivity. Newly employed persons with disabilities would be remunerated SMW rate if he or she did not opt to undergo productivity assessment, whereas serving ones who had not been assessed would be paid no less than their current wages. SLW added that the small number of persons with disabilities undergoing productivity assessment might reflect the fact that they did not consider the matter to be serious. Nevertheless, the Administration would review the situation in two years' time.

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18.20 Mr CHEUNG Kwok-che asked whether any disabled workers had failed to pass the productivity assessment, and whether the Administration would set up a special channel to collect comments and complaints about the productivity assessment arrangement, so as to provide useful reference for future review. C for L said that more than 80% of the persons with disabilities who had undergone assessment were determined to be having productivity rates between 60% and 100% and the lowest rate was 30%. SLW said that all of the 188 workers who had undertaken the assessment were receiving the same or higher wages than before MWO came into force. C for L undertook to look into the feasibility of setting up a formal channel to collect comments on the productivity assessment mechanism.

Review of Statutory Minimum Wage Rate

18.21 Mr LEE Cheuk-yan said that while SMW rate had been implemented for one year, workers were facing the pressure of rising inflation throughout the period. As the post-implementation wage distribution data would be available in March 2012, he asked whether the Administration would ask the Minimum Wage Commission (MWC) to complete its review and provide a report by June, so that the Administration could submit its proposal on the new SMW rate to the Legislative Council in July for approval. SLW advised that under MWO, MWC would have to submit recommendations on the SMW rate to the Chief Executive (CE) not later than November 2012. Sufficient time should be allowed for deliberations by the MWC and it would not be appropriate to advance the review deadline to June.

18.22 Mr LEUNG Kwok-hung said that he had pressed for annual adjustments of the SMW rate but the Administration had not taken heed of his suggestion. He commented that CE should be empowered to order a review on SMW in between the two-year report cycle if the level of SMW rate became unreasonably low.

Standard working hours

18.23 Referring to the CE's pledge in the 2011 Policy Address that he would facilitate building a community consensus about standard working hours, Mr LEUNG Kwok-hung asked about the timetable for achieving this. He said that the Administration should deploy more resources to conduct a

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thorough study on the matter. SLW responded that the CE had pledged to complete a research on standard working hours to facilitate public debate and to build community consensus through the process. The research was now in progress and was expected to complete around June this year. The research would take into account overseas experience in the implementation of standard working hours and the economic implications of the arrangement. A report would be submitted to LAB and the Panel on Manpower for consideration.

18.24 Noting that the Administration had pledged to complete the research on standard working hours around June this year using existing resources, Mr LEE Cheuk-yan asked whether the Administration would conduct a large-scale consultation on the findings. SLW advised that the Administration attached great importance to the policy research on standard working hours. An Assistant Commissioner in LD had been working hard with his team on the subject, and a report was expected to be submitted to LAB and then the Panel on Manpower for discussion around June. The report would form a basis for community discussion.

Labour Tribunal

18.25 Mr Alan LEONG said that many employees had complained about the long waiting time for a labour dispute case to be heard at the Labour Tribunal (LT). He asked if there were sufficient judges deployed to adjudicate labour dispute cases. SLW responded that he had reflected to the Judiciary the concern about long waiting time for a case to be heard at LT. He said that the situation had improved, as about 77.1% of employment cases could be resolved through mediation arranged by LD, and some were resolved by arbitration. The number of cases that needed to be heard before LT had also decreased.

Occupational safety and health

18.26 Dr PAN Pey-chyou expressed disappointment that there were no large-scale promotional campaigns on occupational safety and health for industries other than construction and catering. Referring to some recent Coroner's Court cases on fatal industrial accidents involving janitors and cleaners, Dr PAN said that many such accidents were caused by repetitive strain injuries sustained at work. He was disappointed that such injuries were not included as occupational diseases and workers could not have any

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employment compensation. He urged the Administration to step up occupational safety and health education to reduce such injuries.

18.27 Deputy Commissioner for Labour (Occupational Safety and Health) DC(OSH) advised that LD had organized publicity campaigns targeted at specific types of occupational hazards of various industries. Following the occurrence of a few fatal or injured accidents involving cleaners last year, LD had organized a series of seminars to the relevant industries and those Government departments employing a large number of cleaners. LD would also advise Government departments to consider the feasibility of incorporating suitable terms in cleaning service contracts to ensure higher standard of occupational safety and better protection of the cleaners.

18.28 DC(OSH) further advised that the Administration had reviewed and included six musculoskeletal diseases, including tenosynovitis of the hand or forearm, as occupational diseases, and would consider including other types of diseases if a strong relationship between the diseases and the occupations could be established.

18.29 Ms LI Fung-ying expressed concern that the Administration had not made sufficient efforts to promote occupational safety in the construction industry even after the occurrence of 23 fatal cases in the construction industry in 2011. She pointed out that as many infrastructural projects would start implementation in the coming years, more young people might join the construction industry. She urged the Administration to step up both educational and enforcement efforts to enhance occupational safety in the construction sector.

18.30 SLW said that the Administration adopted a three-pronged approach to promote industrial safety in the construction industry, including legislation, law enforcement and public education. On law enforcement, as minor renovation and maintenance works appeared more accident-prone, LD had stepped up inspection of such work sites, and would also schedule inspections outside office hours and during weekends. Prosecution had also been stepped up, and suspension notices would be issued against unsafe practice. Such measures had proven to be effective in driving contractors to tighten occupational safety precautions. C for L supplemented that apart from regular inspections and law enforcement activities, six special operations were carried out in early 2011 involving 8 200 construction sites.

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A total of 410 suspension notices and improvement notices were issued, almost doubling that issued in 2010. As a result of the operations, 230 prosecutions were initiated, which exceeded the number in 2010 by 34%. The efforts had sent a clear message to the construction industry.

18.31 C for L said that in anticipation of the commencement of major infrastructural projects, LD had set up a task force to co-ordinate inspections of construction sites and to impress upon contractors to implement industrial safety measures and establish suitable safety protocols through participating in works preparatory meetings and construction site safety meetings with contractors, worker unions and the construction sector. SLW added that drawing from the experience of the Airport Core Programme, the Administration would facilitate collaboration of contractors and construction workers at an early stage of construction works to promote industrial safety.

18.32 On occupational safety education, SLW explained that the Administration had raised the standard of the Mandatory Basic Safety Training to ensure that trainees were better equipped in protecting themselves against occupational hazards in a construction site. Both employers and employees had responsibility to maintain a safe working environment. C for L said that LD had stepped up publicity and public education efforts to promote occupational safety in the construction sector by organizing annual award schemes.

18.33 On the Construction Safety Forum to be held on 12 March 2012, C for L said that the objective of the Forum was to increase the construction sector's awareness on occupational safety and health issues, and to promote efforts to improve safety in the construction sector. It was expected that some 500 to 600 participants would attend the Forum. Apart from keynote speeches, a number of workshops would be held for representatives of workers' unions and construction trade associations to consider measures to forestall the occurrence of industrial accidents.

Unemployment among young people

18.34 Mr CHEUNG Kwok-che said that although the overall unemployment rate had dropped, the unemployment rate among young people was still high. He asked what long-term measures the Administration would adopt to tackle the problem. SLW advised that

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youth unemployment had improved recently. In the last quarter of 2011, unemployment rate among young people aged between 15 and 19 was 11.2%, or an unemployment of about 4 400 young people. The unemployment rate among those aged between 20 and 24 had decreased to 7.4%. The Administration had provided 75 000 higher education places and more than 30 000 vocational training places to meet the needs of the large number of secondary school graduates of the current "double cohort" year. More training places could be provided by the Vocational Training Council, Employees Retraining Board and LD should the need arise.

Illegal employment

18.35 Mr WONG Sing-chi expressed concern about Mainland visitors taking up illegal employment, as this would erode job opportunities of local labour. He said that he had seen crowds of Mainland visitors in North District touting jobs such as couriers or casual labour, and there were Mainland illegal workers engaged in unauthorized building works or clearance works in remote parts of the New Territories, or even assisted in harassing villagers in land acquisition businesses. Mr WONG asked whether the Administration was aware of these situations and whether LD had launched any law enforcement operations to tackle the problem.

18.36 SLW responded that the Administration was highly concerned about the problem of illegal employment. In 2011, LD mounted 193 joint operations with the Immigration Department and the Police to raid establishments suspected to be involved in illegal employment. LD would also follow up on complaints or information received from the public and prosecution actions would be initiated if there was evidence of illegal employment.

18.37 Mr WONG Sing-chi commented that the current procedure for the public to file complaints or report cases of illegal employment were rather cumbersome. He asked if the Administration could streamline the procedure and provide more resources for dealing with such complaints. SLW replied that the complaint filing procedure was designed to be user-friendly. Apart from acting on complaints or information received from LD's telephone hotlines, LD staff also conducted regular inspections and surprise raids to combat the problem of illegal employment. However, as LD staff did not have the power of arrest, joint operations would have to be carried out together with the Police or Immigration Department.

Employment of ex-mentally ill people and people with disabilities

18.38 Dr PAN Pey-chyou noted that in 2011, half of the ex-mentally ill people who had registered for employment service and were given job placement by LD were earning \$4,000 or less a month. This reflected that ex-mentally ill persons were particularly vulnerable in the employment market, and that SMW had not been able to improve their circumstances. He asked if the Administration would take the lead to introduce a target percentage of employment of people with disabilities and employ such persons as civil servants.

18.39 SLW said that some 3 000 civil servants or 2% of the civil service were persons with disabilities, and Secretary for the Civil Service would continue to encourage the employment of such persons. Incentives were also provided to encourage employers in the private sector to employ more persons with disabilities. For example, under LD's Work Orientation and Placement Scheme, the ceiling of financial incentive an eligible employer could receive had been increased from \$3,000 to \$4,000 per month, and the payment period had been extended from three months to a maximum of six months. Cash award of \$500 would be given to the mentor who was an experienced staff appointed by a participating employer to coach an employee with disabilities to continue with employment after the first month of work orientation period.

18.40 SLW added that under the Enhancing Employment of People with Disabilities through Small Enterprise Project operated by the Social Welfare Department, a funding ceiling of \$2 million would be available for a business if half of its employees were disabled persons. An allocation of \$8 million was made available so that an employer could receive a maximum subsidy of \$20,000 for each employee with disabilities to provide special equipment, or made alterations to the work place to facilitate a disabled worker to adapt to the work environment.

18.41 Dr PAN Pey-chyou commented that the Administration should do more to support workers with disabilities. As social enterprises would cease to receive support three years after start-up, they might start to suppress wages of disabled workers in order to sustain business. He asked if the Administration would consider providing long-term income subsidies for workers with disabilities. SLW said that this involved wide policy and

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financial implications and the Administration would not be able to give any undertaking but would continue to explore practicable ways to encourage enterprises to employ disabled workers.

Default of wages of imported workers

18.42 Mr LEE Cheuk-yan referred to a case where imported workers admitted under the Supplementary Labour Scheme and working in elderly homes were not paid for the overtime work taken. He said that LD was not able to resolve the disputes and the Police assistance was sought to settle the disputes. Mr LEE said that the Administration should conduct in-depth investigations and surveillance of these elderly homes to ensure that the employees there could receive their wages.

18.43 SLW said that Mr LEE could provide details of the case to C for L for follow-up. C for L said that in many cases, investigation could not be completed as the victims were either reluctant to stand as witness or had left Hong Kong. He appealed to the public to report similar incidents for follow up by LD.

Chapter XIX : Food Safety and Environmental Hygiene

19.1 At the Chairman's invitation, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the policy priorities and work progress in the policy portfolio of "Food Safety and Environmental Hygiene" in the 2012-2013 financial year (Appendix IV-17).

Food safety

General food labelling and nutrition labelling requirements

19.2 Noting that the expenditure of the 12 posts responsible for inspections and enforcement actions in respect of the general food labelling and nutrition labelling requirements was about \$5.24 million in 2011-2012, Mr Vincent FANG enquired about the details of the 12 posts, and whether the expenditure was a recurrent one. Director of Food and Environmental Hygiene (DFEH) advised that the team of 12 persons consisted of health inspectors and supporting staff with training and experience in checking general food labelling and nutrition labelling requirements. Relevant guidelines were also provided to facilitate their work. The provision of \$5.24 million was the annual salary of the team and hence recurrent in nature. In reply to Mr FANG's further enquiry on the actions taken against the 162 non-compliant cases in 2010, DFEH said that warning letters had been issued to the vendors concerned requiring remedial actions. Upon receipt of the warning letters, some vendors had withdrawn the products concerned from the shelves or amended the labels according to the requirements.

19.3 Mr Vincent FANG noted that pre-packaged foods with annual sale less than 30 000 units could apply for small volume exemption, at a fee of \$345. Given that the fee was charged on a cost recovery basis and some 38 682 applications had been received as at June 2011, he asked if there was room for fee reduction. SFH said that considerable manpower was required to process small volume exemption applications, and the fees collected would be credited to the General Revenue Account. The Administration would keep the costs and fees of services under regular review. DFEH added that in considering whether exemption should be granted, the Food and Environmental Hygiene Department (FEHD) officers were required to vet and verify the information submitted by applicants. To streamline the process, consideration would be given to using electronic means as far as possible with a view to reducing the cost.

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Chilled pork from the Mainland

19.4 Mr Tommy CHEUNG noted that despite the increase in the number of Mainland processing plants approved for supplying chilled pork to Hong Kong from four in 2010 to five in 2011, the quantity of Mainland chilled pork imported into Hong Kong had reduced from 18 300 tonnes to 16 600 tonnes over the same period. The number of registered Mainland farms exporting live food animals had also reduced in the past two years. He enquired about the reasons for the reduction. SFH said that some of the Mainland processing plants/farms might have reduced the quantity of food/live stock imported to Hong Kong due to the limited market demand as well as the stringent food hygiene and safety standards in Hong Kong. Besides, the reduction in the quantity of chilled pork imported from Mainland did not necessarily mean a reduction in the total pork supply in Hong Kong as frozen pork was also imported from other countries. The Administration would ensure an adequate supply of food in Hong Kong on the one hand and the safety of imported food on the other. DFEH supplemented that the quantity of Mainland chilled pork imported to Hong Kong was a commercial decision of the processing plants. Any request from Mainland importers for importing chilled pork to Hong Kong would be handled by FEHD.

Review of columbarium policy

19.5 Miss Tanya CHAN noted that according to the Administration, the number of deaths per annum would increase from 43 700 in 2010 to 52 800 in 2020. She was concerned that the planned provision of some 120 000 new niches in public columbaria in the coming five years was far from enough to meet the demand. Expressing similar views, Mr KAM Nai-wai considered it necessary for the Administration to formulate a long-term plan on development of public columbaria. SFH said that the supply of new public niches over the next two years should be able to meet the short-term demand. To increase the supply of public niches in the longer term, FEHD had been promoting the district-based columbarium development scheme, and had identified 24 potential sites in 18 districts in Hong Kong. Construction of columbaria on two confirmed sites (Diamond Hill and Cheung Chau) was underway. FEHD was conducting feasibility studies on the remaining sites and would consult relevant District Councils (DCs) in due course. He pointed out that not all

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people would choose public niches for storing ashes of their deceased family members. FEHD would continue to promote alternative means of ash disposal, including the provision of free ferry service for scattering cremated human ashes.

19.6 Mr KAM Nai-wai asked if the Administration could identify other possible sites if some of the remaining potential sites were rejected by the DCs concerned. SFH said that the Administration would endeavour to explore the possibilities of developing columbarium facilities in different districts (including New Territories North), and build more niches at existing columbaria sites as in the case of the Wo Hop Shek Cemetery. In assessing the suitability of a site for columbarium development, the Administration would take into account the views of the local community and the DC concerned and also the traffic and environmental impacts of the project.

19.7 Given the large number of 17 286 applicants on the waiting list for re-allocated columbarium niches, and the shortage in supply of new public niches, Miss Tanya CHAN said that some people might opt to buy niches from private columbaria. As the legislation on regulation of private columbaria would not be introduced into the Legislative Council until the fourth quarter of 2013, she asked how the Administration would protect consumers against malpractices of private columbaria operators during the interim. SFH said that to enhance consumer protection, the Development Bureau had published relevant land/lease and town planning information on private columbaria. Such information had been uploaded to the website of the Development Bureau and would be updated on a quarterly basis. The publication of the Information on Private Columbaria would also help members of the public to make informed choices when purchasing niches. In addition, the Administration had strengthened consumer education through different channels, including working with the Consumer Council to inform the public of the risks to be borne in mind when choosing niches from private columbaria.

Sustainable fisheries development

19.8 Noting that the legislation relating to the trawl ban in Hong Kong waters would take effect at the end of 2012, Mr WONG Yung-kan enquired about the measures to be taken by the Administration to encourage and assist trawler fishermen to switch to other businesses. Director of

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Agriculture, Fisheries and Conservation (DAFC) said that fishermen affected by the ban would be eligible for a one-off assistance package, including ex-gratia allowances. An interdepartmental working group was set up to handle all matters relating to applications received under the assistance package. A special training programme would also be implemented to assist trawler fishermen to switch to sustainable fisheries operations, including training on marine-based guided tours and aquaculture operations. Apart from trawler fishermen, Mr WONG considered that similar assistance should also be provided to local fish farmers. DAFC said that to better cope with fishermen's needs, the Committee on Sustainable Fisheries was reviewing the mechanism, loan terms and eligibility of fisheries loans. A review of the ex-gratia allowances for mariculturists and fishermen affected by marine works was also underway.

Management of fixed pitch hawker areas

19.9 Noting that a public consultation on the proposed measures to improve the management of hawker stalls was underway until May 2012, Mr LEE Wing-tat enquired about the administrative measures to be taken during the interim to minimize the fire risks posed by hawker stalls, particularly those in the vicinity of residential areas. SFH advised that in the wake of the fire incidents at Fa Yuen Street, FEHD had strengthened inspections and enforcement actions against non-compliance with the relevant legislation and licensing conditions in all hawker areas with a large number of hawker stalls. FEHD had also suggested including a mechanism for cancellation of hawker licences to achieve greater deterrent effect. DFEH supplemented that enforcement actions were targeted at irregularities, including stall canopies made of or covered with combustible materials, overnight storage of goods outside the approved stall areas, obstruction of passageways, and stall subletting. FEHD would maintain regular dialogue with hawker associations and stall hawkers to address their concerns.

19.10 Mr LEE Wing-tat enquired about the frequency of inspection by FEHD, and whether the practice of some fixed pitch hawkers to leave locked cabinets at the stall areas overnight would be treated as irregularities. DFEH advised that FEHD staff carried out daily inspections and initiated prosecution against irregularities as and when necessary. He added that stall hawkers' existing practice of storing their goods outside their stalls after close of business was no longer allowed after the fire incidents at Fa Yuen

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Street. However, some degree of flexibility was given to tolerate hawkers in certain areas to keep their metal carts temporarily. To eliminate the fire risks posed by stalls, Mr LEE opined that the Administration should further explore whether commodities should be removed from the stall structures during night-time closing hours.

19.11 Referring to some press reports concerning a hawker's complaint about inconsistent standards adopted by FEHD staff in enforcement actions, Mr Alan LEONG asked if FEHD would consider issuing guidelines to facilitate the work of frontline officers. DFEH advised that all hawkers were subject to regulation under the Public Health and Municipal Services Ordinance (Cap. 132) and its subsidiary legislation, and that they were duty-bound to abide by the licensing conditions. After the fire, FEHD had immediately tightened up enforcement, and the irregularities found in the hawker area at Fa Yuen Street had been considerably reduced. It was worth noting that any prosecution against non-compliance would have to be ruled by the courts based on available evidence. Pursuant to members' request at a recent meeting of the Legislative Council Panel on Food Safety and Environmental Hygiene, FEHD had issued letters to all licensed hawkers reminding them of their obligations under the laws as well as the enforcement standards. FEHD staff would also maintain regular dialogue with hawker associations and stall hawkers to address their concerns.

19.12 Ms Cyd HO said that the practice for FEHD to step up enforcement actions after each tragic incident, including the recent fire at Fa Yuen Street, had caused confusion to hawkers regarding the enforcement standards. Some hawkers were concerned that they might have their licences revoked if they were not available for inspection of licences by FEHD staff for three consecutive times, and the increase in frequency of checking would increase the chance of revocation of licences under such circumstances. While acknowledging that there were different views in the community on the control of street hawking, Ms HO said that hawking was part of the local culture and provided a cheaper source of goods for the general public. She considered it necessary for the Administration to conduct a comprehensive review of the policy on street hawking. DFEH advised that the checking of hawker licences was part of the routine duties of FEHD staff, the purpose of which was to ensure that licence holders did not sublet their hawker stalls to others under the disguise of stall assistants. Although there were views that the hawking trade should be retained and revitalized, there were also calls for tightening control of hawking activities.

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Hence, the Administration had launched a public consultation exercise to gauge public views on the proposals to manage hawker stalls.

19.13 Given that fixed pitch stall hawkers were also victims of the fire at Fa Yuen Street, Dr Priscilla LEUNG opined that they should be eligible for the same assistance provided to the affected shop owners and residents. She asked if the Administration would consider assisting those affected hawkers who had financial difficulties in rebuilding their stalls. This would not only help ensure compliance with the prescribed fire safety requirements, but also improve the street environment at hawker areas. Mr Vincent FANG suggested that FEHD should standardize and beautify the design of hawker stalls with a view to turning hawker areas into tourist spots. The costs could be met by the fines collected. SFH clarified that the fines collected would go to the Treasury rather than FEHD. Besides, hawkers should be responsible for the operating cost of their businesses. To enhance public safety, the Administration had worked out a package of measures and suggestions aimed at improving the management of hawker stalls, including the use of fire-resisting materials for building the stall structure, overnight storage of commodities only inside enclosed fire-resisting stall structures, setting up stalls only during trading hours, additional fire service installation etc, for public consultation until May 2012.

Animal welfare

19.14 Noting that the Agriculture, Fisheries and Conservation Department (AFCD) had earmarked \$1 million each year in 2011-2012 and 2012-2013 to promote animal welfare and proper animal management in collaboration with animal welfare organizations (AWOs), Mr CHAN Hak-kan enquired whether the funding formed part of the recurrent expenditure, and whether additional funding would be allocated given the considerable number of AWOs in Hong Kong. SFH said that the Administration welcomed the participation of more AWOs so long as they met the eligibility criteria. DAFC added that the funding was recurrent in nature. AWOs could apply for funding to facilitate implementation of the related programmes, including animal rehoming, promotion of neutering of pets, as well as general education and publicity activities. They would be required to submit their accounts and progress of the approved programmes for scrutiny by AFCD. The invitation for applications for 2011-2012 started in September 2011 and AFCD was processing five applications from

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AWOs with a total amount of \$0.54 million. Additional resources would be provided as and when necessary.

19.15 Mr WONG Yung-kan said that he had received complaints about the sale of sick and unhealthy animals by pet shops. He enquired about the existing control mechanism on animals for sale. DAFC advised that all animal traders, including pet shops, were required to obtain licences from AFCD. AFCD staff would carry out inspections of premises and establishments where animals were kept for trading with a view to ensuring compliance with the licensing conditions (including the sale of animals from approved sources) by animal traders. However, private breeders who sold or offered to sell offspring of their own pets were not treated as animal traders and hence not required to obtain licences from AFCD. Consideration was being given to introducing legislative amendments to include this type of sale.

19.16 Noting that the four Animal Management Centres (AMCs) under AFCD had received considerable number of animals given up by owners in the past three years, Mr CHAN Hak-kan enquired about the measures to be taken against irresponsible owners. DAFC advised that of the some 9 300 animals received by AMCs last year, about one third were given up by owners for various reasons. Some owners lacked the experience in taking care of their ageing or sick pets while others had passed away. It was therefore not practicable to take actions against these owners. A more effective way to reduce the number of abandoned animals was to provide expert advice and assistance to pet owners. SFH agreed that it was irresponsible for owners to abandon their pets merely because they were old or sick. In this connection, a dedicated team in AFCD had been tasked to devise and implement an enhanced education and publicity programme to promote responsible pet ownership through various channels.

19.17 Mr Alan LEONG expressed concern that most of the animals kept in AMCs were euthanized. To increase the chance of rehoming of these animals, he asked if the Administration would consider providing direct adoption service at AMCs. DAFC advised that AMCs were temporary shelters for stray animals caught and received by AFCD. AMCs were not designed for visitors who intended to adopt animals. Besides, many animals kept in AMCs were old and sick and might not be suitable for adoption. DAFC added that unclaimed animals would be passed to AWOs for rehoming if they were found to be healthy and of an acceptable

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temperament. AWOs would assess the suitability of adopters to ensure proper rehoming of these animals.

19.18 Noting that AFCD had consulted the relevant DCs which had indicated support for the implementation of the "Trap-Neuter-Return" trial scheme in three potential sites in Yuen Long, Sai Kung and Lemma Island, Mr Alan LEONG queried the need for further consultation with the local community on the trial scheme again. He was concerned that a consensus on the trial scheme might not be reached with the new term of DCs. DAFC advised that as the new term of DCs had just begun, the Administration considered it prudent to seek the support of the local communities and respective DCs for the trial scheme. It was worth noting that responses received from recent public consultation sessions had revealed that some residents still had concerns about the nuisances caused by stray dogs. Notwithstanding, AFCD and the relevant AWOs would endeavour to address the concerns of the local communities with a view to soliciting their support for the trial scheme. In response to Mr LEONG's further enquiry on whether there was room for further reduction in the average expenditure for providing de-sexing service for animal which had been reduced from \$1,000 in 2011-2012 to \$500 in 2012-2013 per animal, DAFC advised that the significant decrease was due to a lower price tender received in the recent tender exercise. The question of whether there was room for further reduction would depend on the outcome on the upcoming tender exercise.

19.19 While welcoming the setting up of a special working group by AFCD in conjunction with the Police, FEHD and the Society for the Prevention of Cruelty to Animals (Hong Kong) (SPCA) to review the work on handling animal cruelty cases, Dr PAN Pey-chyou asked if the special working group would also handle animal poisoning cases. SFH advised that the Administration attached great importance to deter animal cruelty cases. However, it might be difficult for law-enforcement officers to collect evidence or identify suspects in many cases. DAFC added that since its establishment in 2011, the working group had organized some sharing sessions for police officers as well as AFCD and HKSPCA staff on how to handle animal cruelty cases. He agreed with Dr PAN that efforts should be stepped up to enhance public awareness on the channels through which animal cruelty cases could be reported to.

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Clean-up operations at streets

19.20 Mr WONG Yuk-man said that he had received complaints from some street sleepers about confiscation of their belongings during a joint clean-up operation by various government departments (including FEHD and the Police) at Tung Chau Street in February 2012. He questioned the reason for the clean-up operation, and whether the Administration would return the confiscated properties to the street sleepers as these were private properties. DFEH said that the joint operation was co-ordinated by the Sham Shui Po District Office and FEHD's role was just to clean up the location. He added that if someone claimed to be the owners of certain items left at the scene during such operations, it was FEHD's practice to let them retrieve their property. However, if the cleared items had already been disposed of at refuse transfer stations, it would not be possible to return them. He nevertheless undertook to further discuss with Mr WONG regarding the complaints after the meeting.

Chapter XX : Health

20.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the financial provision for public healthcare services and key policy initiatives for the 2012-2013 financial year (Appendix IV-18).

Obstetric services

Demand for obstetric services by non-local women

20.2 Mr CHAN Hak-kan pointed out that the number of live births born in Hong Kong to non-local pregnant women (as non-eligible persons (NEPs)) in each of the past three years had amounted to about one-fourth of the total number of live births in Hong Kong. He expressed concern about the tremendous pressure on the capacity of obstetric services in public hospitals brought about by NEPs. He urged the Administration to secure obstetrics beds for all local pregnant women (as eligible persons (EPs)).

20.3 SFH advised that the number of live births born in Hong Kong to Mainland women was about 43 000 in 2011, and the number of non-local pregnant women giving birth in Hong Kong in 2012 would be limited to 35 000. The delivery places at public and private hospitals for non-local women were estimated to be 3 400 and 31 000 respectively. In view of the steadily rising local birth rate in recent years, it was expected that the quota for NEPs deliveries in 2013 would be lower than that for 2012 and might be further reduced if necessary. The relevant quota would be determined after discussion among the Government, the Hospital Authority (HA) and the private hospitals in the first quarter of 2012. SFH emphasized that the Government's policy was to ensure that there would be sufficient service capacity for Hong Kong resident women. While securing service capacity in public hospitals by imposing the above limit, local pregnant women also stood a good chance of admitting to private hospitals for obstetric services if they had no preference on the choice of hospitals and obstetricians.

Obstetric services for pregnant Mainland women whose spouse was permanent Hong Kong resident

20.4 Mr CHAN Hak-kan said that Members of the Legislative Council had the consensus view that HA should stop accepting bookings from pregnant Mainland women whose spouse was not permanent resident of

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Hong Kong (doubly non-permanent resident pregnant women), so that there was service capacity for the use of pregnant Mainland women whose spouse was permanent Hong Kong resident (singly non-permanent resident pregnant women). Dr PAN Pey-chyou expressed similar views. He commented that permanent Hong Kong residents who married Mainland women should not be treated differently from those who married local women. He hoped that resources could be allocated to facilitate singly non-permanent resident pregnant women to use obstetrics and maternal services in Hong Kong. Noting that the obstetric bed occupancy rate for some HA clusters was close to saturation, Ms Audrey EU considered that service capacity should also be reserved for the use of singly non-permanent resident pregnant women. Expressing similar views, Mr LEE Cheuk-yan called on the Administration to speed up and secure the provision of obstetric services for both local pregnant women and singly non-permanent resident pregnant women. He suggested buying obstetric beds from private hospitals if there was inadequate supply in public hospitals.

20.5 SFH advised that based on the policy on the charges of HA services last amended in 2003, non-Hong Kong residents who used public healthcare services needed to pay the fees applicable to NEPs and there was no further subdivision under the definition of NEPs. The existing policy therefore had not imposed separate treatment between singly and doubly non-permanent resident pregnant women. In response to the Chairman's enquiry on the possibility of revising the existing policy in the light of the consensus view of Members, SFH said that Members' proposal required further discussion within the community, and it would not be appropriate to amend the existing policy at the present stage.

20.6 SFH further said that the capacity of obstetric services in public hospitals would be enhanced in a gradual manner in order to maintain the high professional standard of obstetric services and meet the need for expanding other healthcare services such as oncology.

Healthcare support teams at boundary control points

20.7 Ms Audrey EU noted that there would be only one extra healthcare support team in 2012-2013, each comprising only one doctor and one nurse, while two existing teams were to be deployed to two of the eleven existing boundary control points to assist immigration officers in the screening of

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non-local pregnant women. She opined that the proposed establishment would not be sufficient to meet the objective of preventing non-local women without prior appointment from coming to Hong Kong to give births.

20.8 Director of Health (D of Health) explained that the Department of Health (DH) was working towards the provision of one healthcare support team in each of the three boundary control points to cover all opening hours. On top of the 24 health surveillance assistants, DH had also deployed additional 18 health surveillance assistants to boundary control points to assist Immigration Department in the assessment of pregnancy of non-local women entering Hong Kong. Recruitment for additional health surveillance assistants was in progress and the new recruits would be deployed to meet the operational needs of the Immigration Department. Ms Audrey EU requested the Administration to provide details on the deployment of healthcare support teams at boundary control points.

Obstetric specialist out-patient service

20.9 Mr LEE Cheuk-yan observed that the number of new cases of obstetric specialist out-patient service varied significantly across different HA clusters, citing the big difference in the number of new cases of obstetric specialist out-patient service between the New Territories East Cluster and New Territories West Cluster as an example. He enquired whether there was a shortfall of service capacity in certain clusters and the Administration's plan to improve the situation. Chief Executive, Hospital Authority (CE, HA) explained that the relevant figures reflected the different demand for obstetric services of individual HA clusters. Priority was given to local pregnant women seeking obstetric services in HA hospitals, and there was no local pregnant woman unable to receive such services.

20.10 Mr CHAN Kin-por noted that there had been an increase in the number of specialist out-patient attendances and patient days of NEPs in the past three years. He asked whether such increase was caused by the use of these services by doubly non-permanent resident pregnant women and what measures the Administration would take to curb such increase.

20.11 SFH advised that the percentage of NEPs using public hospital services remained low, but there had been an increase in the number of

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tourists visiting Hong Kong in recent years. He said that nobody would be denied of medical services on humanitarian ground and cases of emergency would be admitted to hospitals before they could be safely discharged for further treatment in their home country. CE, HA added that NEPs who sought public hospital treatment were mostly due to emergencies, and the numbers included deliveries through emergency admission. The medical fees in most of these cases were settled.

Maternal and Child Health Centres

20.12 Mr CHAN Hak-kan noted that the Maternal and Child Health Centre (MCHC) in Fanling handled 6 800 new cases of newborn babies in 2011, of which some 3 700 cases involved babies born to parents who were both NEPs. He said that the North District residents were very much concerned about the high number of walk-in cases to the Fanling MCHC by NEPs requesting urgent pediatric treatment. He considered the situation undesirable and it was unfair to the local residents who had to make advanced booking to receive treatment.

20.13 SFH acknowledged that there was a rising trend for NEPs to take their babies born in Hong Kong to those MCHCs close to the border for treatment. DH had put in place appropriate control measures to address the problem. D of Health affirmed that advanced booking was required to receive treatment at MCHCs. At present, all walk-in cases would be assessed and only those requiring urgent attention would be given priority treatment.

20.14 Dr Joseph LEE referred to a survey conducted by the Association of Hong Kong Nursing Staff which revealed that the workload of nurses working in MCHCs had significantly increased with the increase in the number of babies born of Mainland women. The situation was particularly acute for MCHCs in the Kowloon Central Cluster and New Territories West Cluster. He queried whether the proposed deployment of an additional 32 nurses to the existing 31 MCHCs would be effective in relieving their workload and addressing manpower shortage.

20.15 D of Health advised that the additional nurses would be deployed for those MCHCs with the most urgent need for manpower supply. To cope with the upsurge in the demand for maternal and child healthcare

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services in particular to MCHCs in Fanling and Hung Hom, an additional provision of \$32 million had been proposed to expand their services and manpower in 2012-2013.

Shortage of healthcare professionals

Turnover of medical and nursing staff

20.16 Ms LI Fung-ying expressed grave concern about the high turnover of experienced medical and nursing staff in recent years. She asked about the actions taken by HA to attract and retain healthcare professionals in order to maintain existing services and implement service enhancement initiatives.

20.17 SFH advised that the Administration was greatly concerned about the turnover of medical and nursing staff. HA had undertaken a number of measures including providing opportunities for clinical training for all medical graduates in order to nurture junior doctors to enhance the supply of trained and qualified healthcare professionals, creating additional Associate Consultant posts for promotion of doctors with five years' post-fellowship experience, and also engaging over 100 departed/retired experienced consultants to work on a part-time basis with a view to retaining their expertise in the public healthcare system. The number of doctors and nurses would increase in 2012-2013 to complement the initiatives in service enhancement. CE, HA added that the supply of doctors was affected by the reduced intake of medical students in the past few years, but the supply of doctors would steadily increase, reaching 320 and 420 in 2015 and 2018, respectively.

20.18 Dr Joseph LEE expressed concern that a lot of experienced nurses with the length of service between 1 to 5 and 11 to 15 years had left the service. He considered it important to retain experienced nursing staff to support the expansion in healthcare services, and called on HA to take measures to reduce nurse wastage, such as by granting increments to nurse specialists and providing increments for relevant experience to newly recruited nurses.

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20.19 CE, HA responded that HA had implemented various measures in 2011-2012 to retain nurses, these included promotion of nurses to senior ranks of Advanced Practice Nurses and Nurse Consultants. To address the manpower shortage, recruitment of nurses would be increased in 2012-2013, and retired nurses had also been employed to train junior nurses to improve their clinical performance. In 2010-2011, HA recruited about 1 700 nurses whereas the number of departed nurses was around 900 in 2011-2012. With some 600 returnees, the manpower situation of nurses in 2011-2012 had stabilized. In 2012-2013, HA planned to recruit about 2 000 nursing staff and this would further improve the staffing situation of the nursing grade.

20.20 Dr Joseph LEE noted that the appointment time for new dermatology cases within 12 weeks was 56% and 60% in 2010-2011 and 2011-2012 respectively, which was far below the target of 90%. He asked whether the Administration would consider strengthening the manpower of dermatologists and adjusting its service target.

20.21 D of Health advised that DH was unable to meet the target mainly due to high service demand and high turnover of dermatologists. DH had difficulties retaining experienced dermatologists who often chose to engage in private practice. Instead of adjusting the target downwards which did not provide long-term solution to the issue, DH would endeavor to fill vacancies through recruitment of new doctors to meet service needs and shorten waiting time.

Manpower for rehabilitation and palliative care services

20.22 Referring to the estimated increase in the number of home visits by 5 000 to 839 000 from 2010-2011 to 2012-2013 by community nurses providing rehabilitation and palliative care services, Dr Joseph LEE asked whether the planned increase of community nurse by only 20 to 408 would be sufficient to meet the surge in service demand.

20.23 Director (Cluster Services), Hospital Authority (D(CS), HA) responded that the direction for the provision of rehabilitation and palliative care services was for community nurses to deal with more complicated cases under a case management approach. However, HA had difficulty in recruiting community nurses, and the work of community nurses was shared out among allied health professionals and nurses in different specialties.

Waiting time of specialist out-patient services

20.24 Referring to the lengthened waiting time for first appointment cases at various specialist out-patient clinics (SOPCs) in recent years, Dr PAN Pey-chyou asked what measures HA would take to improve the situation.

20.25 SFH replied that HA had put in place a triage system for new cases. It had been the target of HA to keep the median waiting time for first appointment at SOPCs to within two and eight weeks for urgent and semi-urgent cases respectively. To improve the waiting time for specialist out-patient services in the longer run, HA had set up family medicine specialist clinics to serve as gatekeeper for SOPCs, and also updated clinical protocols to refer medically stable patients to receive follow-up primary care services. SFH considered it important to enhance public understanding and acceptance of primary care. The Administration would allocate more resources for implementing various initiatives in line with the primary care development strategy.

20.26 Dr PAN Pey-chyou agreed that the development of primary care services was in the right direction for the healthcare reform. However, due to a lack of multi-disciplinary support such as nurses, social workers, occupational therapists and physiotherapists, family doctors faced difficulties in providing primary care services. He urged the Administration to make available these ancillary supports to private healthcare providers.

20.27 SFH responded that the Tin Shui Wai Community Health Centre (CHC), the first of its kind based on the primary care development strategy and service model, was commissioned in February 2012. Apart from general out-patient services, the Centre would also provide other primary care support services through a multi-disciplinary team comprising nurses and allied health professionals such as physiotherapists and occupational therapists. Having regard to the experience gained from the operation of the Centre, the Administration would continue to explore community health centres/networks pilot projects based on different CHC-type models. Incentives would be offered as appropriate on encouraging primary care development.

Service demand in Kowloon East Cluster

20.28 Mr Alan LEONG expressed concern about the long waiting time for specialist out-patient services of the Kowloon East Cluster (KEC) compared with other HA clusters. He asked about the Administration's plan to improve the situation.

20.29 SFH advised that with the improvement works currently underway at the Tseung Kwan O Hospital (TKOH) and the expansion projects being planned for the United Christian Hospital (UCH), the service capacity of KEC would be increased in coming years. CE, HA added that the expansion project of TKOH included the construction of a new ambulatory block, the conversion/renovation of the spaces in the hospital main block and the provision of 178 additional in-patient beds, and these would provide a total of 636 in-patient beds and 140 day beds/places. 40 acute beds would be in operation in TKOH in 2012-2013. Apart from the enhancements made to the in-patient and out-patient services, the new cataract centre commissioned recently would further shorten the waiting time for cataract surgery for KEC.

20.30 While expressing support for the expansion projects, Mr Alan LEONG expressed concern that the expansion project for UCH was estimated to take as long as nine years to complete. Pointing out that staff working at UCH had been over-stretched, he enquired the arrangements for KEC to meet the service demand through services provided at other HA clusters.

20.31 CE, HA replied that demands for psychiatric treatment and rehabilitation services in KEC were currently met through the services provided by the Kowloon Central Cluster. With the completion of the expansion projects for TKOH and UCH, cancer patients from KEC who were now required to seek radiosurgery treatment at the Queen Elizabeth Hospital could receive treatment at their home cluster. KEC would also be able to take care partly of the rehabilitation services, which had been fully provided by the Kowloon Central Cluster and Hong Kong East Cluster. To optimize resource allocation within HA, the specialty committees in HA would coordinate the service capacity of all HA clusters, having regard to patients' general preference to receive treatment in a cluster other than the one to which they belonged.

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Mental health services

Case Management Programme

20.32 Dr LEUNG Ka-lau noted that about 40 case managers would be recruited in 2012-2013 to provide community support for an additional 1 900 patients with severe mental illness under the Case Management Programme (CMP). He asked whether the Administration had estimated the number of people requiring such service on a territory-wide basis and whether the funding proposed for the operation of CMP was enough to meet the demand.

20.33 D(CS), HA responded that the number of patients requiring treatment under CMP was estimated to be about 20 000, based on the risk assessment of individual cases. A total of 400 case managers would need to be recruited under CMP to achieve the desired ratio of case managers to patients at 1 to 50.

20.34 Mr CHEUNG Kwok-che asked why HA was unable to project the additional staff to be recruited in 2013-2014 and 2014-2015 under CMP, and what districts were not covered by CMP.

20.35 D(CS), HA explained that CMP was launched in 2010-2011 in three districts and was extended to five more districts in 2011-2012. It would be further extended to cover four more districts in 2012-2013. HA planned to further roll out CMP to the remaining districts when sufficient case managers were recruited. D(CS), HA said that the supply of suitably trained professionals as case managers remained the greatest challenge and it was difficult to project the recruitment figure from 2013-2014 onwards. Nonetheless, the supply of case managers would increase in coming years with the increased supply of trained psychiatric nurses from local universities, and from HA through retraining of general nurses.

20.36 Referring to the recent incident involving a person with mental illness killing another person in Sheung Shui, Mr CHEUNG Kwok-che enquired about the collaboration efforts between HA and the Integrated Community Centre for Mental Wellness in districts not covered by CMP.

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20.37 D(CS), HA advised that CMP provided a comprehensive approach to assist persons with severe mental illness and their family through coordinated assistance and services rendered by the Social Welfare Department and charitable institutions. For districts not yet covered by CMP, community psychiatric nurses would be deployed to follow individual cases, and HA would continue to make good use of the platform established with the Social Welfare Department, Housing Department and Hong Kong Police Force on rendering assistance to the needy. Responding to Mr CHEUNG Kwok-che's suggestion on enhancing awareness of mental health, D(CS), HA advised that HA joined hands with DH to promote mental health awareness in the community, and such efforts would continue.

20.38 In view of the large number of psychiatric patients requiring treatment, Mr Vincent FANG considered that the \$27.4 million provision was inadequate for enhancing the psychiatric in-patient admission wards.

20.39 SFH clarified that the proposed funding would only be used for enhancing the therapeutic components in psychiatric in-patient admission wards. The Administration's expenditure on mental health services was substantial. D(CS), HA supplemented that enhancement to psychiatric services had been an important part of HA's annual work plan. HA had introduced various programmes over the years targeting at the provision of various community support services. HA's psychiatric services would continue to be expanded in the coming years.

Funding for psychiatric drugs

20.40 Mr Vincent FANG noted with concern the drastic increase in the number of psychiatric patients treated from 2009-2010 to 2011-2012. Noting that 184 087 patients were treated in 2011-2012 (as at 31 December 2011) but the projected drug consumption expenditure was less than \$2,000 per patient, he asked whether the Administration would increase the provisions for psychiatric drugs in order to purchase better quality drugs with less side-effects.

20.41 SFH advised that due to the expiry of franchise for some new drugs and the procurement of the drugs direct from the original manufacturer, some psychiatric drugs were currently available at a lower price. The Administration could therefore provide clinically proven drugs

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to more patients at a cheaper price. D(CS), HA added that HA had increased expenditure substantially on enhancing the provision of psychiatric drugs in recent years. In 2011-2012, HA had increased expenditure on the provision of drugs for patients suffering from schizophrenia, dementia, hyperactivity disorder and autism. Unlike the past practice, patients would now be prescribed new generation psychiatric drugs so long as the clinical condition warranted.

Drug subsidy

20.42 Mr Vincent FANG referred to the proposed capital injection of \$10 billion into the Samaritan Fund (the Fund) and asked if the eligibility criteria for drug subsidies under the Fund would be relaxed following the injection.

20.43 D(CS), HA advised that to benefit more patients in need, HA proposed that when calculating the total value of the applicants' disposable assets in the means test, a lump-sum deduction from the applicants' household disposable capital would be introduced, in addition to allowable deductions for the applicants' household gross income. The deductible amount would depend on the applicants' household size. HA would seek the views of the Legislative Council Panel on Health Services on the proposal.

20.44 Ms Audrey EU said that the proposal of relaxing the eligibility criteria for drug subsidies could not provide effective relief to patients with cancer who might have used up their savings. She called on HA to consider other measures, such as capping a patient's drug expense to a percentage of his/her income.

20.45 D(CS), HA explained that in calculating the total value of the applicants' disposable assets in the means test, certain deductions for the applicants' household gross income had already been allowed. Under the enhanced mechanism, patients whose contribution ratio on drug costs exceeded 30% of their household annual disposable financial resources would receive subsidy from the Fund. Other than the Fund, the Community Care Fund Medical Assistance Programme also provided subsidy to HA patients, whose contribution ratio on drug costs exceeded 20% of their household annual disposable financial resources, to use drugs subsidized by the Fund.

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20.46 Ms Audrey EU opined that the proposed injection of \$10 billion into the Fund in 2012-2013 Budget "to provide adequate provisions for its operation in the next ten years or so" might give an impression that no further injection would be made to the Fund afterwards. She considered that further injections should be made as and when necessary.

20.47 SFH explained that the introduction of new drugs and their prices were unpredictable. It was only a rough estimate that the proposed injection would provide adequate provisions for the operation of the Fund in the next ten years and possibly beyond. To make better use of public resources and to enhance the sustainability of the Fund, the Administration was considering investing part of the proposed injection in the Exchange Fund for capital accumulation and interests return. The Administration would make further injections to the Fund if the circumstances warranted.

Hospital Authority Drug Formulary

20.48 Dr LEUNG Ka-lau noted that the supply of the three newly incorporated Special Drugs in the HA Drug Formulary in 2012-2013 was previously subject to quota. He asked whether the Administration would increase funding for the provision of these drugs to benefit more patients.

20.49 D(CS), HA explained that the application of the new Drugs followed an evidence-based approach and appraisal with the support of 21 specialty panels within HA. The prescription of these drugs was subject to varied clinical protocols as patients suffering from the same disease category could have different drug treatment based on their clinical conditions. The number of patients estimated to be benefited from these new drugs was arrived at having regard to the effectiveness of these drugs to the suitable patients and the need to exercise prudence in using public monies.

Development of private hospitals

20.50 Mr CHAN Kin-por noted that the Government had reserved four sites for development of private hospitals. He asked if the Administration would consider reserving more sites for such purpose in the light of the increasing demand for healthcare services.

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20.51 SFH responded that the Administration would need to strike a balance between developing hospitals and other healthcare service units given the constraint of land resources. To meet the community demand for private hospital service, four sites had been reserved for development of private hospitals. In considering further provision of private hospital services, the Administration would need to examine a host of factors such as the impact on manpower and resources of public hospitals, the pricing transparency and the service standards. It should also be noted that HA should remain the main provider of hospital services to ensure adequate services were available to the general public.

Chapter XXI : Home Affairs

21.1 At the invitation of the Chairman, Secretary for Home Affairs (SHA) briefed members on the major initiatives and expenditure on the policy areas of home affairs in 2012-2013 (Appendix IV-19).

Youth development and youth hostels

21.2 Mr CHEUNG Kwok-che enquired about the channels through which the Administration could gauge the views of the young people on public affairs. He asked if large-scale events e.g. Youth Summit would be organized in future.

21.3 SHA responded that the Commission on Youth regularly organized forums for exchange of views between government officials and the youth. The Youth Summit would continue to be held every two years. Permanent Secretary for Home Affairs (PSHA) added that the Administration was doing preparatory work for the Youth Summit 2012, which would be held in November 2012.

21.4 Mr CHEUNG Kwok-che noted that a number of non-governmental organizations (NGOs) were interested in building hostels for single youths but the progress in this respect had been slow. He enquired about the obstacles which NGOs had encountered.

21.5 SHA responded that the main objective of the Administration's initiative to support NGOs to build hostels for single youths was to promote youth development. Under the initiative, NGOs would make use of the land already granted to them to develop the youth hostels with a view to better utilizing existing land resources. As the situation of NGOs varied, it took time for the Administration to discuss with NGOs individually. There had been cases in which suitable land had been identified but the NGOs concerned did not have enough financial resources to pay for the redevelopment costs. In those cases, the Administration would assist the NGOs in seeking further sources of funding.

21.6 Mr CHEUNG Kwok-che suggested that in planning hostels for single youths, a certain number of places should be reserved for use as short-term accommodation for the young people who were temporarily unable or unwilling to stay at home, as such type of accommodation was currently in shortage.

Promoting social harmony

21.7 Mr CHEUNG Kwok-che opined that the presence of many social conflicts reflected that there was room for improvement in the promotion of core civic values by the Committee on the Promotion of Civic Education (CPCE). He enquired if territory-wide programmes would be organized to promote civic values.

21.8 SHA replied that CPCE promoted the civic education programmes organized by NGOs at the district level through implementing funding schemes. On the territory-wide level, the promotion of civic values was mainly through announcement of public interests broadcast by electronic media. Mr CHEUNG suggested that the Administration consider organizing territory-wide programmes in collaboration with the 18 District Councils. SHA agreed to consider the suggestion.

21.9 On enhancing social harmony, Mr Paul TSE enquired about the details of and expenditure on the work to promote integration between Hong Kong and the Mainland. SHA advised that the Home Affairs Bureau worked closely with CPCE, and relevant activities were organized by local organizations and the 18 District Councils each year. Mr TSE enquired whether such expenditure would be increased in view of recent incidents which demonstrated an increasing tension between Hong Kong people and those from the Mainland. SHA responded that the provision in this year was round \$20 million, which was close to that of last year.

Legal aid

21.10 While noting that the Administration was working to expand the scope of the Supplementary Legal Aid Scheme (SLAS), Dr Margaret NG said that the provisions for legal aid still fell short of the demand. She said that only a small amount of funds were earmarked for the proposed two-year pilot scheme to provide legal advice for litigants in person (the pilot scheme). Some lawyers had expressed reservations that the honorarium payable to community lawyers was based on that of pro bono legal services and the scope of advice was limited to procedural matters. Dr NG further said that the legal sector had requested for increase in the legal aid provision. When the matter was discussed at meetings of the Panel on Administration of Justice and Legal Service, members had repeatedly pointed out that Government spending on legal aid in Hong Kong

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was on the low side as compared to other developed economies. She also requested that future arrangements with regard to provision of legal advice to litigants in person should be critically examined as many litigants were still unrepresented.

21.11 SHA responded that expenditure on legal aid had been increased in recent years. Following the passage of a resolution on 29 February 2012 to approve the Legal Aid in Criminal Cases (Amendment) Rules 2012 to expand the scope of legal aid in criminal cases and improve the payment structure for fees payable to solicitors or counsel in private practice engaged to undertake litigation work in respect of criminal cases on behalf of the Legal Aid Department (LAD), SHA expected that expenditure in criminal legal aid would increase significantly in the coming years. SHA further advised that the pilot scheme would be reviewed towards the end of the two-year period.

21.12 Dr Margaret NG pointed out that the Law Society of Hong Kong did not consider that the revised rates for criminal legal aid fees adequate while the Hong Kong Bar Association had given views only on the fee structure but not the fee level. She enquired when the Administration would resume discussions with the two professional bodies regarding the fee structure of the criminal legal aid fee system and whether the Administration had a timetable for increasing the rates for criminal legal aid fees.

21.13 SHA said that the revised rates for criminal legal aid fees were determined after discussions with the two professional bodies and he was aware that the Law Society of Hong Kong had further views on the revised rates. He undertook to continue the dialogue with the two professional bodies and conduct a review after two years of implementation.

21.14 Director of Legal Aid (DLA) supplemented that the level of Government spending in Hong Kong on legal aid for litigation services was similar to that in Ireland. DLA also pointed out that the financial provision for litigation services under Head 94 in the draft Estimates of Expenditure 2012-2013 did not include the expenditure on legal representation in magistracies and free legal advice service provided at district level.

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21.15 Dr Margaret NG remarked that she did not see a general increase in the financial provisions for legal aid. Dr NG urged the Administration to review whether expenditure on legal aid had grown in the same pace with expenditure in other policy areas. She also suggested that the Administration should consider raising the financial eligibility limit for legal aid applicants.

21.16 SHA reiterated that legal aid was an integral part of Hong Kong's legal system and the Administration was committed to improving the legal aid system. Regular reviews on the legal aid system would be conducted in a comprehensive and step-by-step manner and the views of the Legal Aid Services Council would be taken into account. In reply to Dr NG's further enquiry, SHA advised that it would be difficult to link the expenditure on legal aid to Hong Kong's economic output.

21.17 Dr Margaret NG opined that contributions which legal aid applicants were required to pay were quite high in some cases. She sought information on the total, maximum and minimum amounts of contributions received from the legal aid applicants in the past five years. DLA agreed to provide the information after the meeting.

Mediation service for legally aided cases

21.18 Dr Margaret NG noted that between April 2009 and December 2011, mediation was carried out in 1 266 legally aided cases and the amount of expenditure was about \$3.4 million. She said that some members from the legal profession had reflected to her that mediation service could only be provided after a legal aid application had been approved. She enquired whether the Administration had assessed if mediation was conducive to saving litigation expenditure and, if so, whether the Administration would be more willing to approve more legal aid applications. Dr NG also enquired about the proportion of successfully mediated legally aided cases that had entered the trial stage.

21.19 DLA replied that litigants in legally aided cases might undergo mediation at different stages of the litigation process and LAD had not kept statistics on when mediation was attempted during the course of legally aided proceedings. The success rate of mediation in legally aided cases was in the range of 60% to 65%. As to whether more legal aid applications could be approved on account of the relatively high success rate

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of mediation, DLA pointed out that according to section 10 of the Legal Aid Ordinance (Cap. 91), legal aid certificates should not be granted unless the applicant had shown that he had reasonable grounds for taking, defending, opposing or continuing such proceedings or being a party thereto. As such, the decisions on granting of legal aid certificates should not be linked to the success rate of mediation service. However, the granting of legal aid certificates would reflect that LAD considered the applicant's case had a reasonable chance of winning, which might make the other party more willing to take part in mediation. DLA added that mediation had become an integral part of certain types of civil proceedings.

21.20 Noting that merits test was the main criterion in processing legal aid applications, Dr Margaret NG enquired if LAD had been too stringent in processing legal aid applications which led to the number of successful appeals against DLA's decisions doubling from 2010 to 2011. DLA responded that there was no change in the standard of processing legal aid applications and the numbers of legal aid certificates granted in 2010 and 2011 were quite similar. DLA further advised that while the number of successful appeals against his decisions had doubled, the actual numbers (28 and 56 in 2010 and 2011 respectively) were not high compared to the number of legal aid applications processed.

Community Care Fund

21.21 Mr KAM Nai-wai noted that under the programme to provide a one-off allowance of \$6,000 to new arrivals under the Community Care Fund (CCF), over 170 000 applications had been received since the application period commenced in October 2011. Referring to the Administration's earlier estimate of 230 000 to 240 000 eligible applicants for the scheme, Mr KAM enquired about the reason for the low number of applications.

21.22 PSHA advised that the figure of 230 000 was only an estimation based on information obtained from the Immigration Department. As the application period of the programme had not yet ended, he expected that in the end there would be around 200 000 applications.

21.23 Noting that the actual amount of donations received by CCF as at end January 2012 was around \$680 million, which was much lower than the original target of \$5 billion set by the Administration, Dr PAN Pey-chyou

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asked whether the Administration would seek further donations. SHA responded that with the injection of public funds in the amount of \$5 billion into the CCF approved by Finance Committee, the donations received and the investment returns, CCF had sufficient resources to implement the existing assistance programmes. Dr PAN opined that the Administration should exert more effort in raising donations for CCF given the relatively good economic performance in 2011. SHA responded that while the Administration welcomed donations for CCF, they should be made on a voluntary basis only. Dr PAN remarked that Mainland women had to pay a high fee for giving births in public hospitals even if their husbands were permanent residents of Hong Kong. As some of those husbands were senior in age and had a low income, Dr PAN suggested that consideration be given to launching a programme under CCF to provide financial assistance to them.

21.24 Noting that there might be unused funds in some of assistance programmes under CCF, Mr KAM enquired whether the Administration would consider using such funds to provide, in the current financial year, subsidies to those people who had not benefited from any of the relief measures announced in the Budget, commonly known as "N have-nots".

21.25 PSHA advised that CCF had already launched a number of programmes which could provide assistance to people who had not benefited from the relief measures announced in the Budget. PSHA added that some new programmes were being contemplated by CCF.

21.26 Mr KAM Nai-Wai enquired further about details of the new assistance programmes being studied and whether such programmes included the granting of a two-month rental subsidy to people who lived in private housing and had been on the waiting list for public housing for a long period of time. PSHA responded that details of the new programmes would be announced once they had been finalized. PSHA added that there was already an existing programme under CCF which provided a subsidy to low-income elderly tenants in private housing who were not recipients of the Comprehensive Social Security Assistance. Regarding the timetable for launching new programmes under CCF, PSHA advised that it might take only a few months' time as there was no need to seek additional funding from Finance Committee for launching new programmes.

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21.27 The Chairman said that many Members had expressed the view that the Budget had failed to provide assistance to the "N have-nots". She urged the Administration to speed up development of new programmes under CCF, or else members might not support the Appropriation Bill 2012. PSHA responded that CCF would consider how the new assistance programmes could be launched as quickly as possible.

Measures to combat unlicensed guesthouses

21.28 Noting that there were 696 complaints or reports against unlicensed guesthouses in 2011, Miss Tanya CHAN enquired about the nature of such complaints and the number of unlicensed guesthouses involved. Director of Home Affairs (DHA) agreed to provide the information after the meeting.

21.29 Miss Tanya CHAN and Mr Paul TSE queried if there was enough manpower to perform enforcement duties against unlicensed guesthouse as the number of complaints or reports in 2011 doubled that of previous year. DHA advised that the law enforcement team of the Office of the Licensing Authority (OLA) comprised six civil servants, 26 non-civil service contract staff and six part-time staff. The increase in the number of complaints or reports against unlicensed guesthouses was caused mainly by growing public concern, particularly about illegal premises being used as hostels for Mainland pregnant women. It was not the case that the problem of unlicensed guesthouse had worsened to the same extent as the rise in the number of complaints or reports, as it was often the case that several complaints or reports involved the same unlicensed guesthouse. DHA also advised that the manpower of the relevant enforcement team of OLA would be strengthened and the number of law enforcement staff would be increased from 38 to 55 in the coming year.

21.30 Mr Paul TSE expressed concern that the five large scale blitz operations conducted by OLA in February 2012 against unlicensed guesthouses seemed to focus solely on illegal guesthouses for Mainland pregnant women, while illegal guesthouses for tourists seemed to have been neglected. DHA advised that while the crackdown on illegal guesthouses for Mainland pregnant women was highlighted in SHA's introductory remarks, the Administration's enforcement work covered all types of unlicensed guesthouses.

Chapter XXI : Home Affairs

21.31 Noting that the five large scale blitz operations of OLA were conducted in residential areas, Mr Paul TSE enquired whether OLA would conduct enforcement operations in districts with black spots of illegal accommodation for tourists like Tsim Sha Tsui, Causeway Bay and Wan Chai. Mr TSE opined that if inspections against unlicensed guesthouses were conducted during the office hours only, such actions would not be very effective in tackling the problem.

21.32 DHA responded that some of the inspections against unlicensed guesthouses were conducted during weekends or outside office hours. She also advised that the Administration would enhance its intelligence work so that "snaking" operations would be more effective.

Review of the Chinese Temples Ordinance

21.33 Miss Tanya CHAN said that in reply to her letter earlier, the Administration stated that it had planned to conduct a review on the Chinese Temples Ordinance (Cap. 153) (CTO) which was enacted in 1928. As some Chinese temples operating private columbaria did not comply with the provisions in CTO, Miss CHAN enquired about the timetable of the review as no resources appeared to have been allocated for the work. SHA replied that some of the provisions in CTO might have become outdated and might contravene with the Basic Law provisions on protection of freedom of religion. The Administration planned to complete the review and make proposals to amend CTO within 2012.

Sports development

21.34 Mr Paul TSE sought information on details of co-operation between the Administration and the Hong Kong Tourism Board on the awarding of "M" Mark to major international sports events and the funding arrangements for "M" Mark.

21.35 SHA responded that funding for "M" Mark was approved by the Sports Commission. PSHA added that some sports events awarded with "M" Mark did not require public funding while others received funding up to \$3 million and there were sufficient resources for the initiative.

Development of social enterprises

21.36 Noting that 11 social enterprises (SEs) in the "Enhancing Self-Reliance Through District Partnership Programme" ceased operation within a year after the funding period, Dr PAN Pey-chyou sought information on the number of such SEs, and whether implementation of the Minimum Wage Ordinance (MWO) (Cap. 608) from 1 May 2011 had an impact on this. SHA undertook to provide the information after the meeting.

21.37 Dr PAN Pey-chyou further enquired whether the Administration would examine the reason for the SEs to cease operation, and whether the Administration would review the programme to provide more assistance to the SEs. In this regard, he suggested lengthening the funding period or providing long-term funding at a reduced amount of funding per year.

21.38 SHA responded that there was now greater flexibility on the funding arrangement under this programme, for instance, the funding period had been extended from two years to three years and the amount of funding could be increased when there was an economic downturn. He said that impacts of MWO on the SEs were relatively small as the wages paid by SEs to disadvantaged persons were not far below the statutory minimum wages. However, one of the impacts of MWO was that SEs had higher staff turnover as some of their staff had changed to other jobs offering higher pay. SHA also pointed out that the objective of the programme was to promote the development of viable SEs by providing support during the incubation period and the provision of long-term funding would defeat this objective.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2012-2013 from 5 to 9 March 2012

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Environment	5 March	8:30 am - 9:45 am
2.	Secretary for the Civil Service	5 March	9:50 am - 10:50 am
3.	Secretary for Constitutional and Mainland Affairs	5 March	10:55 am - 12:25 pm
4.	Secretary for Security	5 March	2:30 pm - 4:30 pm
5.	Secretary for Education	5 March	4:35 pm - 6:25 pm
6.	Secretary for Transport and Housing <ul style="list-style-type: none"> • Housing 	6 March	2:15 pm - 3:35 pm
7.	Secretary for Transport and Housing <ul style="list-style-type: none"> • Transport 	6 March	3:40 pm - 5:10 pm
8.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	6 March	5:15 pm - 6:15 pm
9.	Secretary for Development <ul style="list-style-type: none"> • Works 	7 March	8:30 am - 10:00 am
10.	Secretary for Development <ul style="list-style-type: none"> • Planning and Lands 	7 March	10:05 am - 11:20 am

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
11.	(i) Judiciary Administrator (ii) Secretary for Justice	7 March	11:25 am - 12:55 pm
12.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Commerce, Industry and Tourism 	7 March	2:30 pm - 4:00 pm
13.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Communications and Technology 	7 March	4:05 pm - 4:55 pm
14.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"> • Financial Services 	7 March	5:00 pm - 6:00 pm
15.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"> • Public Finance 	7 March	6:05 pm - 6:35 pm
16.	Secretary for Labour and Welfare <ul style="list-style-type: none"> • Welfare and Women 	8 March	2:30 pm - 4:30 pm
17.	Secretary for Labour and Welfare <ul style="list-style-type: none"> • Labour 	8 March	4:35 pm - 6:00 pm
18.	Secretary for Food and Health <ul style="list-style-type: none"> • Food Safety and Environmental Hygiene 	9 March	2:15 pm - 3:45 pm
19.	Secretary for Food and Health <ul style="list-style-type: none"> • Health 	9 March	3:50 pm - 5:30 pm
20.	Secretary for Home Affairs	9 March	5:35 pm - 7:10 pm

Appendix II

Summary of written and supplementary questions and requests for additional information

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Environment	173	4	—
2.	Secretary for the Civil Service	32	—	8
3.	Secretary for and Constitutional Mainland Affairs	115	2	1
4.	Secretary for Security	224	2	3
5.	Secretary for Education	346	5	5
6.	Secretary for Transport and Housing • Housing	62	10	1
7.	Secretary for Transport and Housing • Transport	174	3	2

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
8.	Director of Administration	43	5	—
	Director of Audit	6	—	—
	Permanent Secretary to Chief Executive	21	—	4
	Commissioner, Independent Commission Against Corruption	25	—	1
	Secretary General, Legislative Council Secretariat	8	—	—
	The Ombudsman	5	—	—
9.	Secretary for Development • Works	99	5	—
10.	Secretary for Development • Planning and Lands	225	8	1
11.	(i) Judiciary Administrator (ii) Secretary for Justice	15 7	— —	3 1
12.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	186	11	1

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
13.	Secretary for Commerce and Economic Development • Communications and Technology	113	3	1
14.	Secretary for Financial Services and the Treasury • Financial Services	66	5	3
15.	Secretary for Financial Services and the Treasury • Public Finance	113	4	1
16.	Secretary for Labour and Welfare • Welfare and Women	575	1	1
17.	Secretary for Labour and Welfare • Labour	158	2	1
18.	Secretary for Food and Health • Food Safety and Environmental Hygiene	144	—	—
19.	Secretary for Food and Health • Health	294	2	1
20.	Secretary for Home Affairs	262	—	3
	Total :	3491	72	42

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the morning of 5 March 2012 (Sessions 1 - 3)
8:35 am to 12:32 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon WONG Yuk-man

Public officers attending:

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 1 - Environment

Mr Edward YAU, GBS, JP	Secretary for the Environment
Ms Anissa WONG, JP	Permanent Secretary for the Environment/Director of Environmental Protection
Miss Vivian LAU, JP	Deputy Secretary for the Environment
Miss Katharine CHOI	Administrative Assistant to Secretary for the Environment
Mr Benny WONG, JP	Deputy Director of Environmental Protection (1)
Mr Albert LAM, JP	Deputy Director of Environmental Protection (2)
Mr Carlson CHAN, JP	Deputy Director of Environmental Protection (3)
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation
Mr CHAN Chi-chiu, JP	Director of Drainage Services
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr HON Chi-keung, JP	Director of Civil Engineering and Development

Session 2 – Civil Service

Miss Denise YUE, GBS, JP	Secretary for the Civil Service
Mr Raymond WONG, JP	Permanent Secretary for the Civil Service

Mrs Ingrid YEUNG, JP	Deputy Secretary for the Civil Service (1)
Mr Brian LO, JP	Deputy Secretary for the Civil Service (2)
Ms Ivy LAW	Deputy Secretary for the Civil Service (3) (Acting)
Mr Patrick CHAN, BBS, JP	Director of General Grades
Mrs Angel CHOI	Principal Executive Officer (Management), Civil Service Bureau
Mrs Lesley WONG, JP	Director of Accounting Services
Mr Patrick LI, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Gloria TAM, JP	Deputy Director of Health
Mrs Margaret CHAN, JP	Secretary, Public Service Commission

Session 3 – Constitutional and Mainland Affairs

Mr Raymond TAM, JP	Secretary for Constitutional and Mainland Affairs
Miss Adeline WONG, JP	Under Secretary for Constitutional and Mainland Affairs
Mr Joshua LAW, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mr Arthur HO	Deputy Secretary for Constitutional and Mainland Affairs (1)
Miss Charmaine LEE	Deputy Secretary for Constitutional and Mainland Affairs (2)
Mr Daniel CHENG, JP	Deputy Secretary for Constitutional and Mainland Affairs (3)
Mr Ivanhoe CHANG	Administrative Assistant to Secretary for Constitutional and Mainland Affairs

Ms Angela HO	Chief Executive Officer (Constitutional and Mainland Affairs)
Mr LI Pak-hong	Chief Electoral Officer
Mr Thomas TSO, JP	Director, Beijing Office
Mr John LEUNG, JP	Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)
Mr Alan CHU	Director, Hong Kong Economic and Trade Affairs, Guangdong
Ms Joyce TAM	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Eddie POON	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr William W L CHAN	Chief Executive Officer (Licensing), Television and Entertainment Licensing Authority

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mr Derek LO	Chief Council Secretary (1)6
Mr Arthur LEUNG	Chief Council Secretary (1)7
Mrs Mary TANG	Senior Council Secretary (1)1
Ms Sarah YUEN	Senior Council Secretary (1)6
Miss Lilian MOK	Council Secretary (1)4
Mr Hugo CHIU	Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the afternoon of 5 March (Sessions 4 - 5)
2:31 pm to 6:14 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon WONG Yuk-man

Public officers attending:

Ms Alice LAU, JP

Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Ms Elsie YUEN

Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 4 – Security

Mr Ambrose LEE, GBS, IDSM, JP
Mr LAI Tung-kwok, SBS, IDSM, JP
Ms CHANG King-yiu, JP
Mrs Erika HUI, JP
Mr YUE Fung-lin

Secretary for Security
Under Secretary for Security
Permanent Secretary for Security
Commissioner for Narcotics
Principal Management Services Officer (Security), Security Bureau

Mr TSANG Wai-hung, PDSM
Mr Andy CHAN, FPDSM
Mr CHAN Kwok-ki, IDSM
Mr SIN Yat-kin, CSDSM

Commissioner of Police
Director of Fire Services
Director of Immigration
Commissioner of Correctional Services

Mr Clement CHEUNG, JP

Commissioner of Customs and Excise

Captain Michael CHAN, MBS, GMSM, AE

The Controller, Government Flying Service

Mr LAM Kwok-wah

Chief Staff Officer, Civil Aid Service

Dr CHAN Yiu-wing

Chief Staff Officer, Auxiliary Medical Service

Mr Ricky CHU

Secretary-General, Independent Police Complaints Council

Miss CHENG Wai-fung

Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance
Director-General of Civil Aviation

Mr Norman LO, AE, JP

Session 5 – Education

Mr Michael SUEN, GBS, JP	Secretary for Education
Mr Kenneth CHEN, JP	Under Secretary for Education
Mrs Cherry TSE, JP	Permanent Secretary for Education
Ms Michelle LI, JP	Deputy Secretary for Education (1)
Ms Mable CHAN, JP	Deputy Secretary for Education (2)
Mrs Betty IP, JP	Deputy Secretary for Education (3)
Mrs Michelle WONG	Deputy Secretary for Education (4)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Ms Esther LEUNG, JP	Deputy Secretary for Education (6)
Mr Jeremy YOUNG	Political Assistant to the Secretary for Education
Mrs Lily TSANG, JP	Principal Assistant Secretary for Education (Finance)
Dr Richard ARMOUR	Secretary-General, University Grants Committee
Dr Carrie WILLIS, SBS, JP	Executive Director, Vocational Training Council
Ms Nancy SO	Controller, Student Financial Assistance Agency

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Joanne MAK	Chief Council Secretary (1)2
Ms Anita SIT	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Franco KWONG	Council Secretary (1)2
Miss Lilian MOK	Council Secretary (1)4

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the afternoon of 6 March 2012 (Sessions 6 - 8)
2:15 pm to 6:47 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon LAU Kong-wah, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Hon WONG Sing-chi
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung
Hon Tanya CHAN

Public officers attending:

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 6 - Housing

Ms Eva CHENG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Duncan Warren PESCOD, JP	Permanent Secretary for Transport and Housing (Housing)
Ms Annette LEE, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Eugene FUNG	Deputy Secretary for Transport and Housing (Special Duties)
Ms Annie TANG, JP	Deputy Director of Housing (Corporate Services)
Ms Ada FUNG, JP	Deputy Director of Housing (Development and Construction)
Mr Albert LEE, JP	Deputy Director of Housing (Estate Management)
Mr CHAN Nap-ming, JP	Assistant Director of Housing (Independent Checking Unit)
Miss Annie TAM, JP	Director of Lands
Mr AU Choi-kai, JP	Director of Buildings

Session 7 - Transport

Ms Eva CHENG, GBS, JP	Secretary for Transport and Housing
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Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Francis HO, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Maisie CHENG, JP	Deputy Secretary for Transport and Housing (Transport) 1
Ms Rebecca PUN, JP	Deputy Secretary for Transport and Housing (Transport) 2
Mr Patrick CHAN, JP	Deputy Secretary for Transport and Housing (Transport) 3
Mrs Sharon YIP	Deputy Secretary for Transport and Housing (Transport) 4
Ms Julina CHAN, JP	Deputy Secretary for Transport and Housing (Transport) 5
Mr Francis LIU, JP	Director of Marine
Mr Peter LAU, JP	Director of Highways
Mr Joseph LAI, JP	Commissioner for Transport
Mr Norman LO, AE, JP	Director-General of Civil Aviation

Session 8 –Central Administration and Other Services

Miss Jennifer MAK, JP	Director of Administration
Miss Helen TANG, JP	Deputy Director of Administration (1)
Mrs Vivian TAM	Principal Executive Officer (Administration), Administration Wing
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mr Benjamin TANG, JP	Director of Audit
Ms Harriet WONG	Departmental Secretary, Audit Commission
Mr Kenneth MAK, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Timothy TONG	Commissioner, Independent Commission Against Corruption
Ms Rebecca LI, IDS	Director of Investigation (Private Sector), Independent Commission Against Corruption

Mr Ricky YAU	Assistant Director (Administration), Independent Commission Against Corruption
Ms Pauline NG	Secretary General, Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Mr Matthew LOO	Principal Council Secretary (Administration), Legislative Council Secretariat
Mr Alan LAI, GBS, JP	The Ombudsman
Ms Gwenny TSUI	Chief Manager, Office of The Ombudsman

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Ms Joanne MAK	Chief Council Secretary (1)2
Ms Connie SZETO	Chief Council Secretary (1)4
Ms Macy NG	Senior Council Secretary (1)2
Mr Daniel SIN	Senior Council Secretary (1)7
Mis Jacqueline CHUNG	Council Secretary (1)1
Miss Lilian MOK	Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the morning of 7 March 2012 (Sessions 9 - 11)
8:30 am to 12:55 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon LAU Kong-wah, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

Public officers attending:

Ms Alice LAU, JP

Deputy Secretary for Financial
Services and the Treasury
(Treasury)¹

Ms Elsie YUEN

Principal Executive Officer
(General), Financial Services and
the Treasury Bureau (The Treasury
Branch)

Session 9 – Works

Mrs Carrie LAM, GBS, JP
Mr WAI Chi-sing, JP

Secretary for Development
Permanent Secretary for
Development (Works)

Ms Grace LUI, JP

Deputy Secretary for Development
(Works) 1

Mr Enoch LAM, JP

Deputy Secretary for Development
(Works) 2

Mr LEUNG Koon-kee, JP
Mr HON Chi-keung, JP

Director of Architectural Services
Director of Civil Engineering and
Development

Mr Frank CHAN, JP

Director of Electrical and
Mechanical Services

Mr Peter LAU, JP
Mr CHAN Chi-chiu, JP
Mr MA Lee-tak, JP
Mrs Betty FUNG, JP

Director of Highways
Director of Drainage Services
Director of Water Supplies
Director of Leisure and Cultural
Services

Session 10 – Planning and Lands

Mrs Carrie LAM, GBS, JP
Mr Thomas CHOW, JP

Secretary for Development
Permanent Secretary for
Development (Planning and
Lands)

Ms Gracie FOO, JP

Deputy Secretary for Development
(Planning and Lands) 1

Mr Rex CHANG, JP

Deputy Secretary for Development
(Planning and Lands) 2

Miss Annie TAM, JP
Mr Jimmy LEUNG, JP
Mr AU Choi-kai, JP

Director of Lands
Director of Planning
Director of Buildings

Session 11 - Judiciary Administration and Legal Administration

Miss Emma LAU, JP	Judiciary Administrator
Mr Arthur NG, JP	Deputy Judiciary Administrator (Operations)
Mrs Angela LO	Assistant Judiciary Administrator (Corporate Services)
Mr WONG Yan-lung, SC, JP	Secretary for Justice
Miss Susie HO, JP	Director of Administration and Development
Mr Frank POON, JP	Solicitor General
Mr Eamonn MORAN, PSM, QC, JP	Law Draftsman
Mr Kevin ZERVOS, SC	Director of Public Prosecutions

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
Mr Derek LO	Chief Council Secretary (1)6
Ms Sharon CHUNG	Senior Council Secretary (1)4
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Simon CHEUNG	Senior Council Secretary (1)9
Ms Anki NG	Council Secretary (SC)1

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the afternoon of 7 March 2012 (Sessions 12 - 15)
2:30 pm to 6:39 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon James TO Kun-sun
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, BBS, JP
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Public officers attending:

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 12 –Commerce, Industry and Tourism

Mr Gregory SO, JP	Secretary for Commerce and Economic Development
Mr Andrew WONG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Linda LAI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 1
Mr Christopher WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2
Mrs Alice CHEUNG	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Mr Philip YUNG, JP	Commissioner for Tourism
Mr Simon GALPIN	Director-General of Investment Promotion
Ms Maria KWAN, JP	Director-General of Trade and Industry
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr Peter CHEUNG, JP	Director of Intellectual Property
Mr SHUN Chi-ming, JP	Director of the Hong Kong Observatory
Mrs Jessie TING, JP	Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Session 13 – Communications and Technology

Mr Gregory SO, JP	Secretary for Commerce and Economic Development
Miss Elizabeth TSE, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Daniel LAI, JP	Government Chief Information Officer
Mr Roy TANG, JP	Director of Broadcasting
Mr Vincent LIU, JP	Commissioner for Television and Entertainment Licensing
Miss Eliza LEE, JP	Director-General of Telecommunications

Session 14 – Financial Services

Prof K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Ms Julia LEUNG, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Miss Salina YAN, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 1
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 2
Mr Darryl CHAN	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3

Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury
Miss Terie TAM	Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Mrs Lily OU-YANG, JP	Commissioner for Census and Statistics
Ms Annie CHOI, JP	Commissioner of Insurance
Ms Teresa WONG	Official Receiver
Ms Ada CHUNG, JP	Registrar of Companies
Mr James LAU, Jr, JP	Chief Executive Officer, Hong Kong Mortgage Corporation Limited
Mr Daryl HO	Head (Market Development), Hong Kong Monetary Authority

Session 15 – Public Finance

Prof K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Cathy CHU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Ms Doris HO, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury
Ms Shirley LAU, JP	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr CHU Yam-yuen, JP	Commissioner of Inland Revenue
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation

Miss CHEUNG Siu-hing, JP
Mr Alan SIU, JP

Mr LEUNG Koon-kee, JP
Mr FONG Siu-wai

Mrs Lesley WONG, JP

Director of Government Logistics
Government Property
Administrator

Director of Architectural Services
Assistant Director of Architectural
Services (Property Services)
Director of Accounting Services

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms YUE Tin-po
Ms Anita SIT
Mr Joey LO
Mr Noel SUNG
Mr Daniel SIN
Mr Ken WOO

Chief Council Secretary (1)2
Chief Council Secretary (1)5
Senior Council Secretary (1)3
Senior Council Secretary (1)5
Senior Council Secretary (1)7
Council Secretary (1)6

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the afternoon of 8 March 2012 (Sessions 16 - 17)
2:30 pm to 6:01 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon WONG Yuk-man

Public officers attending:

Ms Alice LAU, JP

Deputy Secretary for Financial
Services and the Treasury
(Treasury) 1

Ms Elsie YUEN

Principal Executive Officer
(General), Financial Services and
the Treasury Bureau (The Treasury
Branch)

Session 16 - Welfare and Women

Mr Matthew CHEUNG, GBS, JP
Mr Paul TANG, JP

Secretary for Labour and Welfare
Permanent Secretary for Labour
and Welfare

Ms Doris CHEUNG, JP

Deputy Secretary for Labour and
Welfare (Welfare) 1

Ms Irene YOUNG, JP

Deputy Secretary for Labour and
Welfare (Welfare) 2

Mr Francis CHENG

Administrative Assistant to the
Secretary for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary
for Labour and Welfare

Mr Patrick NIP, JP

Director of Social Welfare

Mrs Anna MAK

Deputy Director of Social Welfare
(Services)

Mr FUNG Pak-yan, JP

Deputy Director of Social Welfare
(Administration)

Mr Joseph LAI, JP

Commissioner for Transport

Mr Albert SU

Assistant Commissioner for
Transport (Management and
Paratransit)

Session 17 - Labour

Mr Matthew CHEUNG, GBS, JP
Mr Paul TANG, JP

Secretary for Labour and Welfare
Permanent Secretary for Labour
and Welfare

Mr Francis CHENG

Administrative Assistant to the
Secretary for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary
for Labour and Welfare

Mr CHEUK Wing-hing, JP
Mr Alan WONG, JP

Commissioner for Labour
Deputy Commissioner for Labour
(Labour Administration)

Mr David LEUNG, JP

Deputy Commissioner for Labour
(Occupational Safety and Health)

Mrs Tonia LEUNG, JP

Assistant Commissioner for
Labour (Employment Services)

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms YUE Tin-po

Chief Council Secretary (1)3

Mr Arthur LEUNG

Chief Council Secretary (1)7

Mr Daniel SIN

Senior Council Secretary (1)7

Miss Rita YUNG

Council Secretary (1)3

Mr Ken WOO

Council Secretary (1)6

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 5 to 9 March 2012**

**Meeting held in the afternoon of 9 March 2012 (Sessions 18 - 20)
2:15 pm to 6:41 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Andrew CHENG Kar-foo
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon WONG Yuk-man

Public officers attending:

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 18 – Food Safety and Environmental Hygiene

Dr York CHOW, GBS, JP	Secretary for Food and Health
Mrs Marion LAI, JP	Permanent Secretary for Food and Health (Food)
Mr KONG Kai-wah	Head, Resource Management and Administration, Food and Health Bureau
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation
Mr Clement LEUNG, JP	Director of Food and Environmental Hygiene
Dr Constance CHAN, JP	Controller, Centre for Food Safety, Food and Environmental Hygiene Department
Dr LAU Chau-ming, JP	Government Chemist

Session 19 –Health

Dr York CHOW, GBS, JP	Secretary for Food and Health
Mr Richard YUEN, JP	Permanent Secretary for Food and Health (Health)
Mr KONG Kai-wah	Head, Resource Management and Administration, Food and Health Bureau
Dr LAM Ping-yan, JP	Director of Health
Dr Gloria TAM, JP	Deputy Director of Health
Dr LEUNG Pak-yin, JP	Chief Executive, Hospital Authority

Dr CHEUNG Wai-lun, JP	Director (Cluster Services), Hospital Authority
Dr LAU Chau-ming, JP	Government Chemist

Session 20 – Home Affairs

Mr TSANG Tak-sing, GBS, JP	Secretary for Home Affairs
Ms Florence HUI, JP	Under Secretary for Home Affairs
Mr Raymond YOUNG, JP	Permanent Secretary for Home Affairs
Mr CHENG Yan-chee, JP	Deputy Secretary for Home Affairs (1)
Mrs Pamela TAN, JP	Director of Home Affairs
Mrs Betty FUNG, JP	Director of Leisure and Cultural Services
Mr Michael WONG, JP	Director of Information Services
Mr William H P CHAN, JP	Director of Legal Aid
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr FUNG Man-lok	Assistant Director of Social Welfare (Youth and Corrections)

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Becky YU	Chief Council Secretary (1)1
Mr Derek LO	Chief Council Secretary (1)6
Mr Arthur LEUNG	Chief Council Secretary (1)7
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Hugo CHIU	Council Secretary (1)5
Mr Ken WOO	Council Secretary (1)6
Mr Fred PANG	Council Secretary (SC)2

**Presentation by Secretary for the Environment
at the Special Meeting of the Finance Committee
on Monday, 5 March 2012**

Chairman,

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of next financial year's Estimates which relating to the Environment Bureau (ENB) as well as our future work in key policy areas.

Government Resource Commitment in Environment Protection

2. Government has attached a lot of importance to protecting the environment and devoted substantial resources and manpower in taking forward this area of work. The amount of funding allocated to ENB's policy portfolio totaled nearly \$60.3 billion under the current term of Government. The annual funding allocation has been on the rise. It has more than doubled from \$6.3 billion in 2007-08 to \$13.9 billion in the next financial year.

3. In addition to directly providing financial and manpower resources for the work in environmental protection, Government has also allocated a considerable amount of resources in support of different quarters in the community in furthering the environmental cause. They include non-governmental organisations, charitable bodies, schools and residents organizations etc. In the period of 2008 to end 2011, the Environment and Conservation Fund approved more than 2,000 projects which promote energy saving, waste reduction and recycling, greening, conservation and scientific research on environmental protection. They far exceed the total number of some 1,000 projects approved in the 14 years since the Fund was set up in 1994. The subsidies amount to over \$1 billion and have effectively facilitated different sectors of the community to actively undertake environmental projects.

4. During the past few years, we have carried out extensive work in different environment policy areas. In terms of legislation, we introduced five new ordinances to establish new regulatory framework in the areas of energy efficiency, air quality, waste reduction and promote behavioural change in the community. At the same period, some 30 amendments to the

principal ordinances or subsidiary regulations were also introduced. I will now give a brief account of what we have done and plan to do in several key areas of our work.

Improving Air Quality

5. In respect of improving air quality, in the past few years we made tremendous efforts to reduce emissions from power plants, which are a major source of local emissions. Starting from 2005, we have progressively tightened the emission caps of power plants through signing new Scheme of Control Agreements with the power companies and amending the Air Pollution Control Ordinance. In 2010, the cap on sulphur dioxide (SO₂) emissions from the power sector was tightened by 67%. We have kept up the effort to further tighten from 2015 onwards the emission caps by 34 to 50 percent from the 2010 levels with a view to minimising the pollution caused by power generation.

6. Air pollution at the roadside is also a major focus of our efforts. We have tightened the statutory specifications of vehicle and industrial fuels to those of the most advanced countries. To reduce roadside air pollution, we intend to raise the vehicle exhaust emission standards to Euro V level. Through subsidies and tax concessions, we encourage owners of diesel commercial vehicles to replace their old vehicles with new ones, and vehicle buyers to choose more environment-friendly cars. With regard to the transport trades, Government is conducting a trial of retrofitting selective catalytic reduction devices on Euro II and Euro III buses, as well as subsidising franchised bus companies to undertake trials of hybrid and electric buses. The ultimate policy objective is to adopt zero-emission buses across the territory. The \$300 million Pilot Green Transport Fund has been effective in encouraging the transport sector to try out green and innovative transport technologies. Within less than a year after its launch, the Fund has received very positive response with 24 applications approved and grants totaling over \$60 million.

7. The various measures have brought fruitful results. Monitoring data showed that between 2006 and 2010, the ambient concentration of SO₂ and respirable suspended particulates (RSP) had dropped by 45% and 17% respectively. Through the joint efforts of the governments of Hong Kong and Guangdong, the air quality of the Pearl River Delta (PRD) region has improved following implementation of a range of regional emission reduction measures. From 2006 to 2010, the levels of SO₂, nitrogen dioxide (NO₂) and RSP in the region dropped by 47%, 7% and 14% respectively.

8. Looking ahead, the high concentration of NO₂ at the roadside is the most prominent air pollution problem facing us. Between 2006 and 2010, the roadside concentration of NO₂ had increased by 22%. Since emissions of NO₂ from poorly maintained petrol and LPG vehicles constitute a major source of roadside air pollution, Government has proposed to use roadside remote sensing equipment to screen out petrol and LPG vehicles with excessive emissions. The owners of such vehicles will be required to take corrective actions. To facilitate vehicle owners in adapting to the more stringent emissions control, Government will seek approval from the Finance Committee soon for an allocation of \$150 million to replace the catalytic converters and associated components of LPG taxis and light buses.

9. As a result of reduction in emissions from land-based sources and increase in movements of marine vessels, emissions from the latter account for an increasing proportion of Hong Kong's total emissions. Marine vessels have become the largest local source of RSP emissions, and the second largest emission source of SO₂ and nitrogen oxides after power plants. It is therefore necessary to introduce appropriate measures to control such emissions with a view to further improving regional air quality. In last year's Policy Address, we announced an initiative to explore with the governments of Guangdong, Shenzhen and Macao proposals for requiring ocean-going vessels to switch to low-sulphur diesel while berthing in PRD waters, and setting up an Emission Control Area in the region. We will also discuss with the trades to improve the quality of marine fuels sold locally so as to reduce vessel emissions.

10. To encourage ocean-going vessels to switch to cleaner fuels when berthing in Hong Kong waters, Government proposes to reduce by half the port facilities and light dues charged on ocean-going vessels which switch to low-sulphur diesel at berth. The proposed waiver scheme will run for three years and is estimated to cost up to \$260 million in terms of public revenue forgone. The Environmental Protection Department and Marine Department are drawing up implementation arrangements for the proposal. At the same time, we will also start discussions with relevant authorities in the PRD region on regional control of marine emissions.

11. Another important task before us is to update the Air Quality Objectives (AQOs). The new AQOs are set in accordance with air quality targets of the World Health Organization (WHO). Four out of the seven major pollutants, namely NO₂, carbon monoxide, lead and SO₂, have fully or partly adopted WHO's ultimate air quality targets, and are broadly on par

with the standards of other advanced regions such as the European Union and the United States. We shall embark upon the necessary legislative exercise to implement the new AQOs and the relevant transitional arrangements. Our intention is to introduce the Bill in the LegCo session of 2012-13 and to make the new AQOs statutory standards by 2014. We will also review every five years the feasibility of tightening the AQOs. In addition, to demonstrate Government's commitment and to take the lead in applying the new AQOs, Government has decided that for public works projects with environmental impact assessment (EIA) studies not yet commenced, they will endeavour to adopt the new AQOs as the yardstick for air quality assessments. This will allow newly planned public works projects to align with the more stringent requirements on air quality at the earliest opportunity.

Solid Waste Management

12. I now turn to waste management which is an imminent issue that we have to work on. The three strategic landfills are expected to approach full capacity one by one in 2014, 2016 and 2018. Our complete reliance on landfilling to handle nearly 10,000 tonnes of municipal solid waste (MSW) on a daily basis is certainly not sustainable.

13. Early last year, Government put forward a basket of specific measures under the management strategy, which included proposals on waste reduction and recycling as well as development of modern treatment facilities. Our target is to raise the MSW recovery rate to 55% by 2015. Our policy initiatives on "Reduce and Recycle", together with extension of landfills as well as introduction of modern treatment facilities, are essential elements in our holistic plan in ensuring proper MSW management. They are intertwined as indispensable components of our comprehensive strategy.

14. With the continuous expansion of the Source Separation of Waste Programmes, our MSW recovery rate had increased from 45% in 2006 to 52% in 2010, which overshoots the original target laid down in 2005. It is comparable to that of other cities at a similar level of development. This could not be achieved without the concerted efforts of the entire community. With the enactment of the Product Eco-responsibility Ordinance in 2008, we are progressively introducing mandatory producer responsibility schemes (PRSs) under this legal framework. In 2009, we implemented the Environmental Levy Scheme on Plastic Shopping Bags (PSBs). The PSB distribution from the 3,000 registered retail outlets covered by the Levy Scheme dropped by as much as 90%. As the next step, in a bid to promote waste reduction at source, we will expedite our work in making legislative

proposals to extend the Levy Scheme to cover all local retailers, and to implement a PRS on waste electrical and electronic equipment.

15. As I just mentioned, introducing modern treatment facilities and timely expansion of the landfills are essential waste management measures. Experience in Europe and other developed cities shows that, even with the implementation of various measures on waste reduction at source, there is still a substantial amount of waste that cannot be recovered which requires treatment. In the context of Hong Kong, even if the target recovery rate of 55% is achieved, there will still be about 8,000 tonnes of MSW that cannot be recovered or recycled and requires treatment on a daily basis. We are developing a Sludge Treatment Facility which employs the state-of-the-art incineration technology. It is expected to be commissioned in 2013. By then, daily disposal of sludge at landfills will be reduced by nearly 1,000 tonnes. It will also demonstrate how modern technology can serve as an effective means in tackling the problem of MSW. Our next step is to discuss our plans on the development of the Integrated Waste Treatment Facilities, and the extension of the three existing landfills at the LegCo. I look forward to discussing the proposed projects with Members in details with a view to coming up with a practicable way forward.

Green Economy

16. Lastly, I would like to take the opportunity to share our thoughts on the development of environmental industries. I am delighted to find there has been a promising growth at this sector. The value added and employment of environmental industries in 2010 recorded a growth close to 20% and 11.3% from 2009 respectively. We will continue our heavy investment in environmental infrastructures, thereby creating jobs and generating business opportunities for the environmental protection and engineering sectors. Besides, Government has been providing impetus to the development of industries and profession related to environmental protection by setting up the EcoPark, promotion of electric vehicles, enacting legislation on buildings energy efficiency, and taking the lead in going green. We will also continue to support the industry's participation in such activities as environmental exhibitions and trade missions to help build collaboration platform with local and overseas enterprises. With more facilitating policies and measures rolled out, I am confident that the green industries in Hong Kong will continue to flourish.

Conclusion

17. Chairman, Government will continue to enhance our environmental strategies and take proactive actions to transform Hong Kong into a green city offering quality living. I look forward to receiving the LegCo's continued support in pursuit of our policies and measures in the coming financial year. Chairman, I welcome Members to put forward their questions on this part of the Estimates and, together with the Permanent Secretary and other colleagues, I would be pleased to answer Members' questions.

Environment Bureau
March 2012

**Presentation by Secretary for the Civil Service
at the Special Meeting of the Finance Committee
on Monday, 5 March 2012**

Madam Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2012-13 Draft Estimates of Expenditure, I would like to highlight the following two items.

2. **First, civil service establishment.** In keeping with the established strategy of “Market Leads, Government Facilitates”, our policy is to prevent overspending by the Government, which will stifle the development of the private market, while sparing no effort to provide quality services to the public. Accordingly, the Government will continue to keep the civil service establishment under control, and create additional civil service posts when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, or when alternative modes of service delivery are considered inappropriate.

3. There has been a modest increase of about 1% in the civil service establishment each year since 2006-07. The 2012-13 Draft Estimates of Expenditure project a 0.9% increase or an additional 1 535 posts in the civil service establishment. Subject to the approval of the 2012-13 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 169 560 posts at the end of March 2013.

4. **Second, financial provisions.** In the 2012-13 Draft Estimates of Expenditure, there are some financial provisions under various Heads of Expenditure which are directly related to the policy area of central management of the civil service. The following items are particularly worthy of note –

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: a financial provision of \$974.4 million is proposed for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at government families clinics and dental clinics, as well as for the reimbursement of medical fees and hospital charges. For the former, an allocation of

\$564.4 million is proposed, representing an increase of \$43.6 million (or 8%) over the 2011-12 Revised Estimate. The additional provision is mainly for setting up additional dental surgeries and enhancing the service at the Hong Kong Families Clinic. With regard to the reimbursement of medical fees and hospital charges, an allocation of \$410 million is proposed, representing an increase of \$90 million (or 28%) over the 2011-12 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses from eligible persons; and

- (b) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: an amount of \$22,150.4 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$2,904.4 million (or 15.1%) over the 2011-12 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2012-13 and the full-year effect of pension payments to those retiring in 2011-12.

5. Madam Chairman, as the backbone of the Government, the civil service assists the Administration in formulating, explaining and implementing policies and contributes to the stability and continuity of government operation. The Civil Service Bureau will continue to strive to maintain a professional and efficient civil service to deliver quality services to the public.

6. Madam Chairman, my colleagues and I are happy to answer questions from Members.

Civil Service Bureau
March 2012

**Presentation by Secretary for Constitutional and Mainland Affairs
at the Special Meeting of the Finance Committee
on Monday, 5 March 2012**

Chairman,

I wish to brief Members on the financial estimates of the Constitutional and Mainland Affairs Bureau (“CMAB”) in 2012-13 and our work priorities for the coming year.

(I) Estimates of Expenditure of CMAB

2. In 2012-13, CMAB is allocated \$459.6 million, which is \$67.1 million (about 17%) higher than the revised estimates for 2011-12.

3. The estimated increase mainly caters for the provision of funding for the following items :

- (a) full operation of the Hong Kong Economic, Trade and Cultural Office in Taiwan which was set up in December 2011;
- (b) operation of the dedicated liaison units in Chongqing and Fujian which were set up respectively in January and February 2012;
- (c) enhancing publicity and promotion activities in the Mainland including organising activities to celebrate the 15th anniversary of the establishment of the Hong Kong Special Administrative Region (“HKSAR”);
- (d) strengthening support for the promotion of equal opportunities and human rights;
- (e) additional subvention for the Office of the Privacy Commissioner for Personal Data (“PCPD”) to prepare for and implement the new provisions arising from amendments to the Personal Data (Privacy) Ordinance;
- (f) additional subvention for further strengthening the manpower of the Equal Opportunities Commission (“EOC”) to enhance its training and promotion work; and

(g) additional resources for organising election-related activities.

4. The amount of additional allocation to the Mainland and Taiwan Offices is \$56 million. This takes up the majority of the additional resources allocated.

(II) Electoral Arrangements

The 2012 Chief Executive Election

5. The 2012 Chief Executive election will be held on 25 March. To ensure that the election will be conducted in a fair, open and honest manner in accordance with the relevant legislation, our Bureau is working closely with the Electoral Affairs Commission (“EAC”) to carry out the necessary work.

The 2012 Legislative Council Election and Related Arrangements

6. We will work closely with the EAC to make practical arrangements to ensure that the 2012 Legislative Council (“LegCo”) election and associated electoral arrangements will be conducted in fair, open and honest manner in accordance with the relevant legislation. The EAC is now preparing the practical arrangements for the 2012 LegCo election and will consult the Panel on Constitutional Affairs on these arrangements soon.

Voter Registration System

7. In response to the public concern about the residential addresses declared by electors, we have taken prompt action to review the existing voter registration system, and proposed a number of improvement measures. We discussed this issue with LegCo Members in December last year. After considering Members' views, we have implemented four immediate measures to improve the existing system. They are enhanced checking, enhanced publicity, enhanced data cross-matching with the relevant departments, and additional checks on the lists of demolished buildings and buildings to be demolished. Separately, we have just completed a public consultation on other proposed improvement measures on 2 March. We will report the findings to LegCo Panel on Constitutional Affairs after consolidating the views received.

8. Separately, the Administration will launch a large-scale voter registration campaign in late March. The campaign aims at encouraging more eligible persons to register as voters so that they can vote at the Legislative Council election to be held in September. We will take the opportunity to remind the public that they should provide their true and correct residential addresses for voter registration. We will brief Members on the details of the campaign at the meeting of the Panel on Constitutional Affairs in March.

(III) Rights of the Individual

Promotion of Human Rights

9. We will continue to promote public awareness of, respect for and protection of human rights, including promotion of rights of individual in respect of personal data privacy, equal opportunities irrespective of gender, family status and race, and for people of different sexual orientation and transgendered persons, and children's rights, through public education and promotional activities.

10. In 2012-13, the estimated total provision in human rights under the Bureau, including subventions to the EOC and the PCPD, amounts to \$167.1 million. This represents a 6% increase when compared with the revised estimates for 2011-12 at \$158.1 million.

Estimates for the EOC

11. The EOC continues to be responsible for the implementation of the four anti-discrimination ordinances. To further strengthening the manpower of the EOC to enhance its training and promotion work, additional subvention will be provided to the EOC in 2012-13. The total subvention will be \$90.8 million, representing a net increase of \$2.6 million or 2.9% compared with the revised estimate of 2011-12.

Protection of Personal Data Privacy

12. We introduced the Personal Data (Privacy) (Amendment) Bill 2011 into the Legislative Council in July last year so as to strengthen the protection of personal data privacy. The Bills Committee has had 10 meetings. We will continue to work closely with the Committee with a view to early passage of the Amendment Bill.

13. In parallel, the Government has endeavored to provide more resources to the PCPD to enhance enforcement and promotion work. In 2012-13, we propose to allocate \$60.3 million to the PCPD. After discounting the time-limited provision which will lapse at the end of this financial year, the amount of subvention for 2012-13 increases by \$9.9 million compared with that in 2011-12. This includes additional subvention of \$8.9 million to enable the PCPD to create 9 posts to take forward work relating to preparation for and implementation of the new provisions in the Personal Data (Privacy) Ordinance, implement the legal assistance scheme and promote the new provisions; and \$1 million to create two posts to strengthen PCPD's Corporate Communications and Information Technology Divisions.

Law Reform Commission's Report on Stalking

14. In addition, to enhance the protection of privacy, we issued the Consultation Paper on Stalking in December last year to invite public views on the proposal to legislate against stalking and the key elements of the proposed legislation. The consultation will end on 31 March. After the consultation exercise, we will analyse and consolidate the views received and prepare a report to set out the proposed way forward.

(IV) Mainland Affairs and Co-operation with Taiwan

15. In 2012-13, the financial provision under Programme (3) for the Mainland and Taiwan Offices is \$181.4 million, representing an increase of 44.7% compared with the revised estimate for 2011-12. This mainly covers the increased provisions for the operation of the Hong Kong Economic, Trade and Cultural Office in Taiwan and the dedicated liaison units in Chongqing and Fujian, and for enhancing publicity and promotion activities in the Mainland.

The HKSAR's Work in Complementing the National 12th Five-Year Plan

16. Officially promulgated in March last year, the National 12th Five-Year Plan unprecedentedly included an individual chapter dedicated to the Hong Kong and Macao Special Administration Regions (the Dedicated Chapter). The Dedicated Chapter elaborates on the significant functions and positioning of the HKSAR in the development strategy of the country. It signifies the Central Government's strong support for maintaining the long-term prosperity and stability of Hong Kong and provides a historic opportunity for the future development of Hong Kong. This is a

significant breakthrough in Hong Kong's efforts in complementing the National Five-Year Plans.

17. In August last year, Mr Li Keqiang, Vice Premier of the State Council, visited Hong Kong and announced a series of concrete policies and measures formulated by the Central Government under the requirements of the National 12th Five-Year Plan to support Hong Kong in further developing and deepening its co-operation with the Mainland. There are more than 30 policies and measures (the New Supporting Policies and Measures) covering areas such as economic and trade, finance, society and people's livelihood, tourism and co-operation between Guangdong and Hong Kong. They provide a solid policy framework for the coming implementation work of the HKSAR.

18. In 2012-13, the CMAB will continue to assist in coordinating inter-bureau efforts, consistently monitoring the progress of the relevant bureaux and departments in implementing the content of the Dedicated Chapter and the New Supporting Policies and Measures, liaising with the relevant Mainland authorities, and taking forward the various regional co-operation initiatives, including the implementation of the Framework Agreement on Hong Kong/Guangdong Co-operation. The HKSAR has already established cooperation mechanism with our strategic regional cooperation partners, including Guangdong (and Shenzhen), Beijing, Shanghai, and the Pan-Pearl River Delta Region. Amongst them, Hong Kong-Guangdong co-operation is the most important. We will continue to deepen our economic co-operation with the Mainland based on the principle of complementarity, and realise the goal of basically achieving liberalisation of trade in services between the two places by the end of the 12th Five-Year Plan period.

Hong Kong-Guangdong Co-operation

19. There was satisfactory development for Hong Kong / Guangdong co-operation in the past year. The National 12th Five-Year Plan announced in March last year, emphasizes, in particular, the need to deepen Hong Kong / Guangdong co-operation and to implement the Framework Agreement on Hong Kong / Guangdong Co-operation (“Framework Agreement”), and confirms the important functions of Hong Kong / Guangdong co-operation as set out in the Framework Agreement. It also highlights the strategic positioning and important role of Hong Kong / Guangdong co-operation in the overall development of the Nation. On this basis, Hong Kong and Guangdong signed the 2012 Work Plan in January this year. The CMAB will continue to liaise closely with Guangdong and

co-ordinate the work of the various bureaux concerned to pursue tangible and concrete results for Hong Kong / Guangdong co-operation.

Qianhai Development

20. In respect of Hong Kong/Shenzhen Co-operation on the Development of Modern Service Industries in Qianhai Area, according to the consensus between the two governments, the Shenzhen Municipal Government takes up the leading role and is responsible for the development and management of Qianhai, while the HKSAR Government plays an advisory role by providing comments on the study and formulation of issues like development planning and the related policies. The HKSAR Government's advice to the Shenzhen authorities concerned mainly policy requests of the business sector and the creation of a business friendly environment in Qianhai. Moreover, the HKSAR Government has been actively complementing the publicity and promotional work of the Shenzhen authorities to introduce to Hong Kong enterprises, professional sectors and service suppliers the business opportunities brought about by Qianhai, with a view to assisting them to make use of the opportunities provided by Qianhai to tap into the mainland market.

Nansha development

21. For the development of Nansha, Hong Kong and Guangzhou signed the Letter of Intent between Hong Kong and Guangzhou on Co-operation in Pushing Forward the Development of Nansha New Area in August last year. The Hong Kong / Guangzhou Co-operation Working Group held its first meeting in December last year to exchange views on Nansha's development directions. The HKSAR Government will maintain a close dialogue with the Guangzhou Municipal Government to promote the upgrading and transformation of Hong Kong-invested processing trade in Guangdong, to develop a demonstration zone for implementation of CEPA and related early and pilot measures, and to advance co-operation in social services.

Establishment of the Chongqing Liaison Unit and Fujian Liaison Unit

22. The Chief Executive announced the establishment of the Chongqing Liaison Unit ("CQLU") and Fujian Liaison Unit ("FJLU") in his 2011-12 Policy Address in order to deepen our cooperation with the Chengdu-Chongqing Economic Zone and the Economic Zone on the West Coast of the Taiwan Strait and to tap into the new business opportunities for the Hong Kong enterprises.

23. In 2012-13, we have set aside 9.6 million and 9.7 million, which include manpower expenditure and one-off set-up costs, to set up the CQLU and FJLU under the Chengdu ETO and Guangdong ETO respectively. The CQLU and FJLU have respectively commenced preliminary operation in January and February

24. The establishment of the two liaison units is expected to further deepen economic cooperation with the Mainland and give impetus to the sustained economic growth of Hong Kong. The liaison units can foster our exchange with the Chengdu-Chongqing Economic Zone and the Economic Zone on the West Coast of the Taiwan Strait at government, business and community levels. They can help improve the business environment for Hong Kong enterprises there and render necessary assistance to them. The liaison units can facilitate the Hong Kong services sector to capitalise on the new round of development of the Western Region and tap into the vast market potential in the Region. We can also demonstrate Hong Kong's unique role and competitive edges amidst the increasing cross-strait economic, trade and finance flow.

25. In the coming year, the Mainland Offices and the Hong Kong Economic, Trade and Cultural Office in Taiwan will continue to deploy resources flexibly to enhance liaison and communication with the Central People's Government, Mainland local governments, as well as Taiwan authorities and organisations under their purview. They will step up their efforts to promote economic and trade ties and investment. They will keep a close watch on the latest developments in the areas they cover and maintain close contact with the Hong Kong investors, with a view to assisting them in obtaining the latest information on business operation, and reflecting issues of common concern through appropriate channels.

Exchanges and Co-operation with Taiwan

26. We will continue to make use of the direct communication platform between Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council (“ECCPC”) and its Taiwanese counterpart, Taiwan-Hong Kong Economic and Cultural Co-operation Council (“THEC”), to take forward with Taiwan proactively and pragmatically various agreed priority areas of cooperation involving public policies.

27. In the past year, the ECCPC and THEC made considerable achievements on various fronts:

- (a) the supervisory bodies of both sides signed a memorandum of understanding on banking supervision cooperation in August 2011.

- (b) after the opening of the official office of the Hong Kong Tourism Board in September 2011, the multi-functional Hong Kong Economic, Trade and Cultural Office commenced operation on 19 December 2011. The Office will assist the Administration and the ECCPC in organising activities to further enhance exchanges with Taiwan and in promoting Hong Kong, with the objective of strengthening closer economic and cultural relations between Hong Kong and Taiwan in the long run.
- (c) both sides signed an air services arrangement on 30 December 2011, which increases the flight frequency, number of destinations, and passenger and cargo capacities between Hong Kong and Taiwan. This strengthens Hong Kong's position as an international and regional aviation hub.

28. Looking ahead, we will continue to actively take forward with the Taiwan side the cooperation on other fronts such as medical and health cooperation, avoidance of double taxation on shipping income, and insurance supervision cooperation.

Promoting the Basic Law

29. In 2012-13, the CMAB has set aside \$16 million for promotional activities related to the Basic Law. We will continue to :

- (a) use the electronic media;
- (b) organise promotional activities at district levels, such as roving shows and carnivals; and
- (c) strengthen co-operation with community organisation to enhance public awareness and understanding of the Basic Law.

30. This concludes my opening remarks. If Members have any questions on the above estimates of expenditures, I will be pleased to answer them.

Constitutional and Mainland Affairs Bureau
March 2012

**Presentation by Secretary for Security
at the Special Meeting of the Finance Committee
on Monday, 5 March 2012**

Chairman,

- In the draft Estimates for the new financial year (2012-13), the allocation on the security policy area group is \$34.3 billion, representing 8.7% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$29.7 billion.

Law and Order

- The overall law and order situation in Hong Kong remained stable in 2011. The overall crime figure was about the same as the level in 2010, whilst the violent crime figure registered a decrease of 3.3% as compared with 2010. Most categories of crimes — such as all robberies, burglaries, criminal intimidation, wounding and serious assault, rape, indecent assault, missing motor vehicles, as well as serious narcotics offences — also decreased in number. Overall speaking, the law and order situation of Hong Kong has remained stable. The Police will as always remain alert to maintain the law and order of our society.
- The major operational targets of the Commissioner of Police for 2012 are to combat violent crimes, triads syndicated and organised crimes, dangerous drugs, “quick-cash” crimes, technology crimes, and to maintain professionalism in handling public order events and counter terrorism work.
- The Police will also create 98 new posts mainly for strengthening operational capability, increasing the manpower of the Police College, supporting traffic enforcement actions and combating technology crimes.

Manpower resources of the Customs and Excise Department

- In the 2012-13 Budget, Government has earmarked resources for creating new posts in the Customs and Excise Department (C&ED)

with a view to handling the additional duties. These include the creation of 70 posts for providing cargo clearance services in the new air cargo terminal at the Hong Kong International Airport. Separately, in order to prepare for the commissioning of the Kai Tak Cruise Terminal in mid-2013, 42 posts will be created within C&ED. In view of the increase in the number of cross-boundary passengers, additional passenger channels will be provided at Lok Ma Chau Control Point. As such, C&ED will create 26 posts to handle the related customs clearance work for passengers.

Control Points and e-Channel Service

- To maintain Hong Kong's status as an international trade and tourism hub, the Immigration Department (ImmD) has all along strived to provide a smooth and effective immigration clearance service. The number of visitors arriving Hong Kong has continued to grow over the past few years. In 2011, the total number of visitor arrivals reached 41.9 million, representing a 16% increase from 2010. In particular, the number of visitor arrivals through land boundary control points has increased by 20% over the same period.
- ImmD has adopted a series of measures to cope with the passenger traffic. In the 2012-13 financial year, with a view to handling the rising number of visitors, there will be a net increase of 162 posts in ImmD, among which 93 of them will be deployed for carrying out immigration control duties at control points. We have commenced recruiting suitable candidates for these new posts and will provide suitable training for them as soon as possible. The newly created posts for various control points will be filled from April onwards.
- ImmD has also strived to increase its handling capacity and efficiency through strengthening its e-Channel service. Since January 2012, eligible Mainland frequent visitors may use the e-Channel service at Lo Wu and Lok Ma Chau Spur Line control points upon enrolment. As of early February 2012, over 430 000 movements through such e-Channel service was recorded, representing 6% of the total number of movements involving Mainland visitors. By mid-2012, ImmD will further extend the above service to China Ferry Terminal, Macau Ferry Terminal and Hong Kong International Airport control points. The total number of e-Channels for use by Mainland frequent visitors at the above control points will increase from 21 to 53 by then. As a greater portion of Mainland visitors will be using e-channels for

clearance, this will help mitigate the passenger traffic pressure at the control points in the future.

- Besides, to augment the handling capacity of the existing boundary control points, we have commenced improvement works at Man Kam To and Lok Ma Chau control points in January and November 2011 respectively and the works are expected to complete on schedule by 2012 and 2013 respectively. After the completion of the works, the number of e-Channels to be installed at Man Kam To Control Point will increase from 9 to 18; and that of Lok Ma Chau Control Point from 20 to 43.
- Meanwhile, satisfactory progress has been made regarding the usage of e-Channels by other frequent visitors to Hong Kong. As at end of 2011, around 797 000 Hong Kong residents and 158 000 Macao residents had successfully enrolled for using the e-Channel service of the other side, whereas 68 000 foreign frequent visitors have enrolled for using the e-Channel service in Hong Kong.
- ImmD will flexibly deploy its staff resources to deal with rising cross-boundary passenger and vehicular flow and other immigration control duties including implementing the complementary immigration measures on non-local pregnant visitors. In the light of the trend of passenger traffic, ImmD will continue to review its manpower and resources requirements as required.

Individual Visit Scheme

- Since the implementation of the Individual Visit Scheme (IVS) in 2003, there have been more than 80 million visitor-arrivals to Hong Kong under the scheme as at January 2012, bringing considerable benefits to tourism, retailing and related sectors. Since 2010, the Mainland authority has further relaxed the applications by non-Guangdong residents in Shenzhen for “multiple journey individual visit exit endorsements valid for one year”. In January this year, there were more than 2 million visitor-arrivals under the IVS, a jump of 24% over the same period last year. ImmD has maintained close liaison with the tourism industry and the Mainland counterparts. ImmD will suitably recruit additional staff in 2012-13 in order to enhance its handling capacity for passengers and vehicles throughput.

Assistance to Hong Kong Residents Overseas

- We will continue to provide assistance to Hong Kong residents in distress outside Hong Kong. ImmD has comprehensively enhanced the “1868” hotline services in December 2010, such as increasing the number of the hotline from 23 to 46 and adding recording and automatic call distribution functions.
- ImmD launched the Registration of Outbound Travel Information service at the end of 2010 to enable Hong Kong residents to register their itineraries and contact details before departure. Residents may receive updated Outbound Travel Alert (OTA) information through appropriate means, including SMS on mobile phones, whilst travelling outside Hong Kong. ImmD may also contact registrants to render practical assistance in case of emergency. Since December 2011, the registrants can also receive the relevant information via their registered Internet email address.
- We will review the coverage of the OTA system regularly. Following two reviews in 2011, we have extended the coverage from 60 countries and regions to 85 in order to provide Hong Kong residents with information on the outbound travel safety risks of more places. The newly added places are popular tourist or business destinations for Hong Kong residents.

Screening Torture Claims

- The enhanced torture claim screening mechanism has been launched since end 2009. Claimants may receive publicly-funded legal assistance through the Duty Lawyer Service. Persons with a legal professional background were appointed adjudicators to determine petition cases. So far, ImmD has made decision on over 1 400 claims.
- Last July, we introduced into the Legislative Council the Immigration (Amendment) Bill 2011, which establishes a statutory screening mechanism to ensure that torture claims will be decided in a fair and more effective manner. We will continue to work closely with LegCo on the scrutiny of the Bill, with a view to securing its smooth passage within the current legislative session thus facilitating early implementation of the statutory scheme.

Public Safety

- To enhance the protection of public safety, the Fire Services Department (FSD) will create about 200 additional posts in the new financial year. About 160 of them are mainly for additional fire station and to upgrade existing fire stations' standard in areas with high population growth and increased fire risks such as Lam Tin and Kowloon Bay, and to strengthen the department's work on procurement, logistics, and administration. The other 40 posts will add 6 ambulance shifts to cater for the service demand and strengthen the management of ambulance services.
- To ensure the safety of frontline personnel, FSD replaces fire services and ambulance equipment in a timely manner. The expenses on procurement of fire appliances, ambulances and major equipment, etc for 2012-13 are estimated to be around \$300 million.
- In terms of fire prevention, FSD will continue to promote a fire safety culture in collaboration with various sectors in the community. The department will continue to adopt a 4-pronged approach to enhance the fire safety of buildings through publicity, law enforcement, inspection and partnership with owners/occupiers and property management of buildings, and educate the public about the appropriate responses in case of a fire.
- After the No. 4 Alarm Fire at Fa Yuen Street last year, FSD has set up dedicated teams to investigate the cause of the fire and circumstances leading to multiple casualties. It also assists the Food and Environmental Hygiene Department in reviewing fire safety measures for hawker stalls.

Custody and Rehabilitation of Offenders

- The Correctional Services Department (CSD) has been implementing different measures to address the problems of ageing penal facilities and overcrowding in some of the correctional institutions. CSD will create 39 additional posts for the Lo Wu Correctional Institution in the new financial year to strengthen its management and ensure its security and smooth operation. CSD has also completed the conversion of Lai Chi Kok Correctional Institution into an annex facility of Lai Chi Kok Reception Centre. The annex facility will start operation this month to relieve the overcrowding situation of the

Reception Centre. Furthermore, in 2012-13, the Department plans to embark on the partial redevelopment project of the Tai Lam Centre for Women, which includes increasing penal places and enhancing various facilities (for example, increasing the number of hospital beds and improving the visit rooms etc). We will continue to explore other redevelopment projects and improvement works to address the problem of ageing facilities and meet the custodial and rehabilitative service needs of offenders.

- CSD will continue to take forward the Risks and Needs Assessment and Management Protocol for Offenders to enhance the assessment of their re-offending risks and needs and implement various matching rehabilitative programmes with a view to reducing their likelihood of re-offending more effectively. CSD will also strengthen the provision of suitable and market-oriented vocational training courses for inmates to improve their success rate in securing employment after release. The Department plans to provide about 1 310 training places to adult prisoners in 2012-13, which represents a year-on-year increase of about 2.3%. In addition, CSD will continue to appeal for community acceptance and support for rehabilitated offenders through public education and publicity activities.

Combating Drug Abuse Problem

- The concerted efforts of the Government, the anti-drug sector and the community in combating drug abuse problem have yielded positive achievements. Nonetheless, there are still major challenges in our anti-drug work, including emergence of new drugs and the highly hidden nature of taking psychotropic substances. We would need to continue to take forward anti-drug recommendations of the Task Force on Youth Drug Abuse along a five-pronged anti-drug strategy, namely preventive education and publicity, treatment and rehabilitation, legislation and law enforcement, research and external co-operation to consolidate our anti-drug work and make further inroads on the achievements made so far.
- The Government has repeatedly allocated new resources to support various anti-drug measures. Such measures in the last financial year include a 20% increase of professional manpower of school social work service to strengthen related counselling services; extending the on-site medical support services to two Centres of Drug Counselling; and increase in manpower to provide support to

residential drug treatment and rehabilitation centres, with a view to enhancing the standards of the centres' facilities or carrying out redevelopment works.

- In 2012-13, the Social Welfare Department (SWD) will extend the pilot scheme on enhanced probation service for one year. Through more focused, intensive and structured treatment programmes, the Pilot Scheme will continue to help young offenders under the age of 21 convicted of drug-related offences to turn a new leaf. SWD will evaluate the effectiveness of the scheme and make recommendations on the way forward.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

Security Bureau
March 2012

**Presentation by Secretary for Education
at the Special Meeting of the Finance Committee
on Monday, 5 March 2012**

Madam Chairman,

The Government has all along been investing heavily in education for the purpose of nurturing human capital, thereby facilitating social mobility. Therefore, education has consistently been the largest spending area of the Government's total expenditure, representing about one fifth of its total recurrent expenditure.

2. In the 2012-13 financial year, the total expenditure on the policy area of education is estimated at \$79.1 billion, representing an increase of 15.9 per cent over the 2011-12 revised estimate and accounting for 20.1 per cent of the total government expenditure.

3. Out of the total expenditure on education, \$59.7 billion is recurrent expenditure, representing an increase of 6.6 per cent over the 2011-12 revised estimate and accounting for 22.6 per cent of the recurrent government expenditure.

4. Now, I would like to brief you on our major initiatives in the 2012-13 Budget.

Research Funding for Higher Education Sector

5. We will inject \$5 billion into the Research Endowment Fund in the 2012-13 financial year to implement the proposal set out in the 2011-12 Policy Address of the Chief Executive. Of this, the investment income from \$3 billion will provide new research funds for self-financing tertiary institutions to enhance their academic and research development. The investment income of the remaining \$2 billion will replace the existing recurrent provision of \$100 million for the Research Grants Council so as to provide a stable research funding for the institutions funded by the University Grants Committee.

Promoting Post-secondary Education

6. We will earmark \$2.5 billion to launch the sixth Matching Grant Scheme (MGS) in the post-secondary education sector. For the first time,

the MGS will cover all statutory and approved post-secondary institutions to further consolidate their development.

7. Given that the scholarship schemes under the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund are well-received, we propose to make two separate injections of \$1 billion each, bringing the total to \$2 billion, into these two funds to establish diversified scholarships or award schemes to give recognition to more students with outstanding academic performance or remarkable achievements in other areas. We estimate that a total of 10 000 students will benefit each year.

8. Moreover, we will increase first-year-first-degree places to 15 000 for each cohort from the 2012/13 academic year and progressively increase senior year intake places to 4 000 each year. The annual expenditure is estimated to be about \$1.178 billion upon full implementation.

Multiple Pathways

9. We will earmark \$1 billion to implement a new programme under the new senior secondary academic structure modelled on Project Yi Jin. The aim is to provide an alternative pathway for students to acquire a formal qualification other than the Hong Kong Diploma of Secondary Education Examination. We expect that in addition to post-secondary places (including first-degree and sub-degree programmes), the new Project Yi Jin programme, vocational education or training courses and other programmes will by and large meet the needs of about 100 000 students in the double cohort year of 2012. Besides, more than 2 000 places will be provided by 63 Mainland higher education institutions participating in the pilot scheme to exempt Hong Kong students from taking the joint entrance examination.

10. In addition, we plan to set up a new Youth College to provide young people with alternative progression pathways outside mainstream education and provide dedicated support for non-Chinese speaking students and students with special educational needs, so that they can have suitable opportunities for vocational education and training. We also hope that the college will establish itself as a resource centre for supporting diversified and inclusive vocational education and training. Upon full implementation, this initiative will provide 420 additional places and will involve an annual expenditure of about \$26 million.

School-based Educational Psychology Service

11. In the 2011-12 Policy Address, the Chief Executive announced that the Government would further extend the School-based Educational

Psychology Service, giving secondary and primary schools greater support to help students with dyslexia and other special educational needs. This mode of service, now covering about 50 per cent of schools, will be extended progressively to cover all public sector secondary and primary schools by the 2016/17 school year. The estimated additional expenditure is about \$36 million per year upon full implementation.

Student Guidance Service Grant

12. To further enhance the student guidance service in primary schools, we will provide a top-up student guidance service grant for public sector primary schools from the 2012/13 school year. It is estimated that about 70 per cent of the primary schools in Hong Kong will receive a top-up grant of \$100,000 or more. The additional expenditure is estimated to be about \$58 million in the 2012/13 school year.

Implementing Moral and National Education Subject in Primary and Secondary Schools

13. Regarding the implementation of the “Moral and National Education” (MNE) subject in primary and secondary schools, we are now considering in detail the revised proposals submitted by the Curriculum Development Council on the MNE curriculum. To help schools implement the MNE subject, we have reserved funding for a series of support measures, including organising various focused and serial teacher training programmes and cross-border professional exchange activities. Quality learning and teaching resources, including “Life Events” Exemplars in both Chinese and English as well as a resources web, will also be developed to support the learning and teaching of the subject.

Student Financial Assistance

14. Government policy for student financial assistance is to ensure that no student will be denied access to education due to lack of means. In the 2010/11 academic year, the Student Financial Assistance Agency (SFAA) disbursed grants and loans of over \$4.6 billion, benefiting more than 360 000 students. Following a series of improvement measures, including relaxing the income ceiling for full level of assistance under the means test mechanism, increasing school textbook assistance for primary and secondary school students, as well as enhancing the Kindergarten Fee Remission Scheme, etc., it is estimated that the total grants and loans to be disbursed by the SFAA in the 2011/12 academic year will increase by \$800 million to about \$5.4 billion. In the 2012/13 academic year, with more secondary school graduates of the double cohort pursuing

post-secondary education and the increase in kindergarten student population, the expenditure on student grants and loans to be disbursed is expected to increase further by around \$600 million to over \$6 billion.

15. There are two initiatives on student financial assistance in the 2012-13 Budget. First, the Education Bureau is considering lowering the interest rate and relaxing the standard repayment period of the means-tested living expenses loans. Subject to the approval of the Finance Committee, the improvement measures will be launched in the 2012/13 academic year.

16. Moreover, in light of economic uncertainties in the coming year, the Government proposes offering all student loan borrowers who complete their studies in 2012 the option to start repaying their student loans one year after completion of studies. This will alleviate the financial burden of fresh graduates and allow them more time to secure a stable job. It is estimated that about 26 000 graduates will benefit from this measure.

15-Year Free Education

17. The Government has been listening carefully to the community's call for 15-year free education. At present, direct subsidy is being provided for parents through the Pre-primary Education Voucher Scheme and school fee remission. This has ensured that children will not be deprived of the opportunity for kindergarten education due to lack of means. At the same time, we are providing parents with diversified options as well as promoting the flexible and quality development of pre-primary education. The proposal to implement free pre-primary education or to incorporate kindergartens into the subvented education sector will have a profound impact with implications for the diversity and flexibility of kindergarten education, parental choice, regulations etc. We must first elucidate our goals so that the conditions conducive to quality pre-primary education can be sustained. We will look into these profound impacts carefully, continue to maintain dialogue with stakeholders and listen to the views of different sectors.

18. Madam Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau
5 March 2012

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Tuesday, 6 March 2012**

Madam Chairman,

I would like to brief Members on the Government's major initiatives on housing in the new financial year.

Waiting List and Supply of Public Rental Housing

2. On public housing, the Government's policy is to provide public rental housing (PRH) for low-income families who cannot afford private rental accommodation. The Government will continue to honor the long term commitment of supplying PRH, with an objective of maintaining the average waiting time (AWT) for general Waiting List (WL) applicants at around three years.

3. According to the latest Public Housing Construction Programme (PHCP) of the Hong Kong Housing Authority (HA), in the coming five-year period from 2011-12 to 2015-16, the HA will build about 75 000 flats in total, i.e. an average of about 15 000 PRH flats per year. However, the production of 15 000 PRH units per year is not a fixed target. We will continue to closely monitor the changes in the number of WL applications and roll forward the PHCP on a yearly basis in the light of demand for public housing. If necessary, the HA may adjust the production level and increase supply, in order to maintain the target average waiting time of around three years for general WL applicants.

4. We will continue to liaise closely with the relevant bureaux and Government departments to identify suitable land for public housing development in different parts of the territory, and to facilitate the HA to optimize the development potential of sites and increase public housing supply, through relaxing plot ratio and building height restrictions without compromising the living environment.

To pay rents for PRH tenants for two months

5. We are fully aware of the impact of inflation and rising prices on people's livelihood. To help ease pressure, the Financial Secretary

proposed to pay rents for PRH tenants for two months. The Transport and Housing Bureau will shortly seek approval from the Finance Committee (FC) of the Legislative Council for the funding required. Subject to the approval of the FC, the HA and the Hong Kong Housing Society (HKHS) will make the necessary arrangements. It is expected that the rent payment proposal can be implemented after mid-2012.

The New Home Ownership Scheme

6. In response to the aspirations of low and middle-income families to buy their own homes under the current market condition, the Chief Executive has put forward a new policy for the resumption of the Home Ownership Scheme (HOS) in the Policy Address last year. The scheme will be targeted at families with a monthly household income under \$30,000, mainly first-time home buyers. The prices of the flats under new HOS will also be set with reference to the mortgage repayment ability of eligible households. With the sites identified at this stage, the plan is to provide more than 17 000 flats over four years from 2016-17 onwards, with an annual production of between 2 500 and 6 500 flats. For the first year, 2 500 flats can be made available. The first batch is expected to be ready for pre-sale in 2014 or 2015.

7. The HA is proactively conducting the relevant preparatory work on the new HOS, including the preliminary planning and investigations, etc. Six sites in Sha Tin, Tsuen Wan, Kwai Tsing and Yuen Long have been initially identified for the first batch of developments under the new HOS. The respective District Councils will be consulted shortly. The HA's relevant Committees have also begun discussions regarding the implementation details of the new HOS.

My Home Purchase Plan (MHPP)

8. Other than the new HOS, the MHPP introduced by the Government in collaboration with the HKHS and as announced in the 2010/11 Policy Address in October 2010, which is premised on the concept of “rent-and-buy”, is another choice on the housing ladder. The objective is to help households which have the long-term ability to purchase a flat but do not have enough savings for the down payment to rent a MHPP flat first at the then prevailing market rental and save up for their future home purchase plan. After considering the comments from the community, we have introduced enhancement measures that allow greater flexibility for applicants on their timeframe for purchasing MHPP flats, and have set the initial selling price of a MHPP flat as the “ceiling price”. The enhanced

MHPP will ensure that participants would not have their home ownership plan disrupted when property prices soar, and enable them to set more specific saving targets.

9. The first two MHPP projects will be at Tsing Luk Street of Tsing Yi and Sha Tin Area 36C respectively. We are discussing with HKHS on the implementation details of these projects, including the enhancement measures mentioned above. The Tsing Yi project will provide about 1 000 small and medium sized flats and is expected to be completed in 2014. Application for pre-letting will begin in the fourth quarter of 2012. The Sha Tin Area 36C project near Siu Lik Yuen is estimated to produce about 700 small and medium sized flats. The exact number of flats to be built has to be worked out after further study. We will continue to work closely with HKHS to implement the Sha Tin project as early as possible.

10. Apart from the above two projects, the Government has earmarked sites and started preparatory work for the other MHPP projects. We will announce the details of individual projects when the preparatory work is completed.

Private residential property market and Special Stamp Duty (SSD)

11. The Government has been monitoring developments in the private residential property market closely and remains vigilant on the risks of a property bubble. Since 2010, the Government has been responding to the situation through the introduction of long, medium and short-term measures in four areas, including increasing land supply, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending, with a view to ensuring the healthy and stable development of the property market.

12. As mentioned by the Financial Secretary in his Budget Speech, the relevant measures have achieved results. The SSD implemented in November 2010 has been clearly effective in curbing short-term speculative activities. On average, there were 74 subsale cases (i.e. confirmor cases) per month in 2011, representing a drop of about 77% as compared to the monthly average of 321 cases in the 12 months before the introduction of SSD.

13. The Government will continue to implement effective strategies to ensure the property market is healthy and stable.

Regulating the Sale of First-hand Residential Properties by Legislation

14. To further enhance the transparency and fairness of the sales arrangements and transactions of first-hand residential properties, the Chief Executive announced in the 2010-11 Policy Address that a Steering Committee would be set up to discuss specific issues on regulating the sale of first-hand flats by legislation. The Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation (the Steering Committee) was set up in October 2010. It completed its work and submitted practicable recommendations on how to regulate the sales of first-hand residential properties to me in October 2011. Having considered and primarily based on the recommendations made by the Steering Committee, we prepared the proposed legislation and conducted a public consultation exercise from 29 November 2011 to 28 January 2012. 959 submissions were received during the public consultation period. We are finalizing the Bill, taking into account the views received during the public consultation exercise. I have to stress that this is our top priority and our objective is to introduce the Bill into the Legislative Council within this month. We will make every effort to complete the legislative work within this legislative year and will strive to seek Members' full cooperation with the legislative work.

Conclusion

15. My colleagues and I will be pleased to answer questions from Members. Thank you Madam Chairman.

Transport and Housing Bureau
March 2012

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Tuesday, 6 March 2012**

Honourable Chairperson,

Today, I would like to brief Members on the part of the Estimates and our priority areas under the Transport portfolio in the new financial year.

2. The allocation for the transport portfolio in the new financial year is \$35.5 billion, of which it includes the estimated expenditure of a number of cross-boundary and domestic transport infrastructure projects. 3. Firstly, let me report the latest update of the **major transport infrastructure** projects. We commenced the construction works of the West Island Line, the South Island Line (East), the Kwun Tong Line Extension and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, and expect them to be completed accordingly in 2014 and 2015.

4. On the other hand, the detailed planning and design of Shatin to Central Link is almost completed, and the necessary statutory procedures are now at the final stage. We will strive to apply for funding approval within this legislative session, with a view to commencing construction this year.

5. As regards another **cross-boundary transport infrastructure** project the Hong Kong-Zhuhai-Macao Bridge (HZMB), works in respect of the Main Bridge, Immersed Tube Tunnel and the Artificial Islands commenced and have been progressing well. These works are expected for completion in 2016. For the local projects of the HZMB, the Finance Committee approved the funding for the related works last year, and the reclamation works for the Hong Kong Boundary Crossing Facilities commenced immediately in late 2011. The tendering work for the Hong Kong Link Road is still on-going. The local projects have been affected by about one year because of a judicial review case, we are now compressing the works programme and are confident that the various local works can be completed to dovetail with the target of commissioning the HZMB Main Bridge in 2016.

6. Further, we are also pressing ahead with our **local road infrastructure projects**, including Stage 1 of the Tolo Highway and anling Highway widening works, Central-Wan Chai Bypass and Island astern

Corridor Link and widening of Tuen Mun Road. We are also pushing ahead the planning and design of a number of projects including Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central Kowloon Route, Tseung Kwan O-Lam Tin Tunnel and Stage 2 of the Tolo Highway and Fanling Highway widening works.

7. At the same time, we secured funding approval from the Legislative Council for taking forward the design of the barrier-free access facilities retrofitting works at about 180 existing footbridges, elevated walkways and subways and the phase 1 retrofitting of barrier-free access facilities. The first phase of the retrofitting works has commenced. We plan to apply funding approval for phase 2 retrofitting works this year, and hope to complete the bulk of the retrofitting works by 2016-17.

8. On **civil aviation**, we will strengthen Hong Kong's position as an international and regional aviation centre. We will continue to proactively pursue expansion in the bilateral air services arrangements. Regarding the proposals arising from the review of the Air Transport Licensing Authority's regulatory regime, the relevant legislative amendments has been passed by the Legislative Council and will be implemented this year. In terms of hardware, the Airport Authority Hong Kong (AAHK) will continue to implement a midfield expansion project to increase the handling capacity with air traffic demand up to 2020. For the long-term development of the airport, AAHK launched a public consultation in mid 2011 on the Hong Kong International Airport Master Plan 2030. AAHK recommended to the Government in end 2011 that the three-runway system should be adopted as the blueprint for development. The Government is carefully considering the AAHK's recommendation with a view to making an early decision for the commencement of the next stage of work, which includes the environmental impact assessment, the associated detailed design and the financing arrangements.

9. On **maritime and logistics development**, we will continue to assist the industry to take advantage of opportunities arising from vibrant shipping and logistics development in Asia, as well as the positioning of Hong Kong as set out in the National 12-5 Plan. For example, we will reinforce the local maritime cluster by supporting manpower development and undertaking promotional activities. In terms of hardware, both the preliminary feasibility study of developing Container Terminal 10 ("CT10") at Southwest Tsing Yi and the "Study on the Strategic Development Plan for Hong Kong Port 2030" are underway and are expected to be completed by end of the year. We will carefully consider the study results, global and local economic situation, the performance of the port sector, and the views of stakeholders

to decide the need for CT10 development. Separately, we are proceeding with the dredging of the Kwai Tsing container basin and its approach channel to facilitate the new generation of ultra-large container ships to visit Hong Kong Port.

10. On the logistics front, Hong Kong has the advantages for development into a high value goods inventory management and regional distribution centre. To support the industry, we have already made available two logistics sites for the industry to construct modern logistics facilities. We will continue to identify suitable land for logistics and port back-up uses for meeting development needs. Separately, we shall continue to work with the industry to promote e-logistics, as well as to implement measures which would help enhance the operating efficiency of the sector.

11. On **road safety**, we will continue to enhance road safety through legislation, enforcement, as well as publicity and education. Last year we introduced legislative amendment proposals to combat drug driving. The new legislation will be enacted for implementation in mid March.

12. We have also introduced legislative amendments to the Road Traffic Ordinance to defer speeding behaviour of public light bus drivers and to enhance the safety of public light bus operation. The proposed measures include imposing a maximum speed limit for light buses, mandating all light buses to install speed limiters, making electronic data recording device a basic equipment on newly registered vehicles, and requiring applicants of public light bus driving licence to attend a mandatory pre-service training course.

13. As to the measures of traffic management, cross-boundary transport, and the long term railway development study, I do not intend to go into details here.

14. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

Transport and Housing Bureau
March 2012

**Presentation by Secretary for Development
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Chairman,

I would like to thank Members for their interest in the Draft Estimate of the Development Bureau. The Controlling Officers under my purview have provided replies to 90 written questions raised by Members accounting for the use of resources in the works portfolio. They are here to respond to any further questions that Members may wish to raise.

In 2012-13, the allocation for the Development Bureau for its recurrent expenditure on works portfolio is \$9,004.09 million, representing an increase of \$328.45 million or 3.8% as compared with the revised estimate of \$8,675.64 million for 2011-12. It is mainly for meeting the additional expenditure (\$196.50 million) for purchasing Dongjiang water under the new water supply agreement and the expenditure for taking forward the “Energizing Kowloon East” initiative (\$16.43 million), and implementing other works-related initiatives.

In 2012-13, we will create 28 civil service posts, including two directorate posts and 10 non-directorate posts for the Kowloon East Development Office (KEDO). The proposed creation of two directorate posts, namely, Head of KEDO (D3) and Deputy Head of KEDO (D2) were supported by the Establishment Subcommittee of the Legislative Council on 15 February and will be submitted to the Finance Committee on 20 April. The remaining posts will be deployed mainly for the support of various works-related programme and tasks.

Now, I would like to brief Members on the priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

The SAR Government of this term is committed to implementing the policy objective of promoting economic development through infrastructure projects, and thereby creating job opportunities. The ever increasing expenditure on capital projects in the past few years has brought sustained impetus to the construction industry and the economy of Hong Kong. The

overall unemployment rate of the construction sector dropped from the peak of 12.8% in the first quarter of 2009 to 4.7% in the latest quarter.

Our capital works expenditure rose substantially from \$20.5 billion in 2007-08 to the revised estimate of \$58.2 billion in 2011-12. The estimated capital works expenditure for 2012-13 will reach a high level of over \$62.3 billion, providing 66 700 job opportunities, comprising about 6 900 job opportunities for professional and technical staff and about 59 800 job opportunities for workers. The funding allocation for minor works projects in 2012-13 also stays high at \$8.02 billion. In the next few years, the estimated expenditure on capital works is expected to increase to over \$70 billion a year.

The ten major infrastructure projects are being rolled out in phases as scheduled, with the Kai Tak Development (KTD) project under active implementation. The expenditure on infrastructure works for the KTD project rose from \$0.4 billion in 2009-10 to \$4.2 billion in 2012-13.

In the coming year, we will seek funding approval for different types of projects, including the site formation and infrastructure works of Liantang/Heung Yuen Wai Boundary Control Point at a preliminary estimate of \$13.3 billion. Besides, the last phase of works under Stage 4 for the replacement and rehabilitation of water mains in various districts across the territory, at an estimated cost of \$4.5 billion, has commenced in January this year. We are also committed to implementing the Total Water Management Strategy, including exploring other sources of water supply. We will conduct a planning and investigation study for the construction of a desalination plant in Tseung Kwan O this year.

Manpower Resources in Construction Industry

To take positive steps to address the aging and skill mismatch problem of the construction workers, we secured funding of \$100 million from the Finance Committee of the Legislative Council in May 2010 to support the Construction Industry Council (CIC) to enhance training for local construction personnel and attract more people to join the construction industry through promotion and publicity activities. Since September 2010, the CIC has introduced various new measures by phases, including the “Enhanced Construction Manpower Training Scheme” (ECMTS). As at January this year, ECMTS has attracted 935 trainees to join the Scheme and about 60% of them are aged below 35. This indicates that more and more young people are joining the industry. To provide more training places, the CIC has also launched the “Contractors Collaborative Training Scheme”

(CCTS) under which contractors can employ trainees and provide in-service training on construction sites, while CIC will pay the trainees' allowances and other training costs. The Government has required, since December 2011, relevant public works contractors to participate in the CCTS.

Since the measures implemented by the CIC have achieved good results, the Financial Secretary announced in the 2012-13 Budget that another \$220 million will be earmarked to further enhance training for workers and supervisors/technicians. The proposed measures include increasing the training quota and duration and further increase in training allowances. We consulted the Panel on Development of the Legislative Council in February and Members in general supported the proposals. We will seek funding approval from the Finance Committee in due course to enhance the measures.

Energizing Kowloon East

The Chief Executive announced in the 2011-12 Policy Address that we will adopt a visionary, coordinated and integrated approach to expedite the transformation of Kowloon East, comprising the Kai Tak Development area and the two former industrial areas Kwun Tong and Kowloon Bay, into an alternative Central Business District. We have received overwhelming support to the initiatives on Energizing Kowloon East from the community since the announcement of the Policy Address. Stakeholders' response to our briefings is positive and the general feedback is that the Government should execute this blueprint with determination, speed and extensive public engagement.

For early implementation of this initiative, we are planning to create a new Kowloon East Development Office (KEDO) under the Works Branch of the Development Bureau to steer, supervise and monitor the development of Kowloon East.

Subject to the approval of the Finance Committee of the Legislative Council in April, we will first create the two directorate posts of Head of KEDO and Deputy Head of KEDO for one year starting from 1 July 2012.

During its initial year, KEDO will develop the long-term institutional set-up for Energizing Kowloon East, the best mix of talents in the team and the most appropriate mode of development to cater for the transformation of Kowloon East, in particular the special characteristics of the highly developed areas in Kwun Tong and Kowloon Bay. The KEDO's work portfolio is wide-ranging. It includes the preparation of various studies to

improve traffic and enhance streetscape and greening, and coordination with the government bureaux/departments to expedite the proposals on transformation of Kowloon East.

We have set up a preparatory team in mid-February to kick start the immediate coordination work for the transformation of Kowloon East and prepare for the establishment of KEDO so as to rise up to the challenges posed by the range and volume of work in the future.

Enhancing Land Supply Strategy

The Financial Secretary stressed in the 2012-13 Budget that the Government is determined to increase land supply and create a land reserve. Besides, land resources will be expanded to ensure that land supply will not be affected by economic cycles or fluctuations of the property market.

To meet the demand for land arising from our economic development and population growth, we have to explore alternative means of land supply and further enhance our land supply strategy. In this connection, we are conducting studies and consultation on reclamation on an appropriate scale outside Victoria Harbour and rock cavern development, so as to devise a more comprehensive mix of supply options and build up a land reserve to support the long-term development of Hong Kong.

Stage 1 Public Engagement on Enhancing Land Supply Strategy was launched in November last year to seek public views on reclamation on an appropriate scale outside Victoria Harbour and rock cavern development as well as to establish the site selection criteria. A series of consultation activities have been organised, including roving exhibitions, focus group meetings, topical discussions and public forums. The consultation period will end on 31 March this year.

Disposal of surplus public fill and contaminated sediment is a pressing problem to be resolved. Apart from increasing land supply, reclamation outside Victoria Harbour can re-use surplus public fill and handle contaminated sediments in an environmentally-friendly manner. We will also advocate the use of latest technologies, including reclamation without dredging of marine mud and re-establishing marine habitats by eco-shoreline etc.

The Civil Engineering and Development Department, Drainage Services Department and Water Supplies Department will seek funding approval from the Legislative Council in the middle of this year to conduct a

study on the long-term strategy for cavern development as well as feasibility studies on the relocation of Sha Tin sewage treatment works and Mount Davis and Kennedy Town fresh water service reservoirs to caverns. As for the feasibility studies on reclamation projects, we will consult the public on the site selection criteria and the reclamation sites before determining on the way forward.

Building a Safe City

The portfolios of the departments under the Development Bureau cover several areas of public safety. We will maintain a high degree of vigilance to enhance the work in the following areas.

Water Supply and Water Leakage

Surface water collected locally from water gathering grounds provides 20% to 30% of water supply to Hong Kong at present. About 70% to 80% of water is imported from Dongjiang (DJ) to make up the shortfall. In last December, we signed a new agreement worth \$11,241.34 million with the Guangdong side for the supply of DJ water to Hong Kong between 2012 and 2014. This can ensure a reliable and flexible supply of DJ water to Hong Kong, based on actual needs, up to 2014, even under extreme drought condition with a return period of one in 100 years.

To facilitate formulation of effective water conservation measures, the Water Supplies Department (WSD) commenced in September last year a survey to collect information on general water consumption patterns and habits of domestic household users. Over 1 000 households have taken part in it and the information collected is being analysed by the department. Furthermore, to develop new water sources, we plan to explore the feasibility and cost effectiveness of constructing a desalination plant in Tseung Kwan O. We plan to consult the Panel on Development in April, and seek funding approval from the Finance Committee in June for engaging consultants to conduct detailed studies and site investigation which are expected to commence by the end of this year.

Hong Kong enjoys one of the safest drinking water supply in the world. WSD has been following WHO's "Guidelines for Drinking-water Quality" as the standards for the quality of drinking water in Hong Kong. The water quality of the entire water supply system is continuously monitored by WSD and samples are regularly taken from catchments, impounding reservoirs, water treatment works, service reservoirs and the water distribution network for

testing to ensure compliance of the water quality with the relevant standards in WHO's "Guidelines for Drinking-water Quality". The number of samples taken every year by WSD exceeds a hundred thousands.

We are continuing with our efforts to reduce water main bursts and leaks. The water mains replacement and rehabilitation programme is making good progress and has entered stage 4. Under the programme, some 3 000 km of aged water mains will be replaced and rehabilitated. As at December 2011, a total of 1 710 km of water mains have been replaced or rehabilitated. The water main leakage rate has also reduced from 25% in 2001 to 19% in 2011. It is anticipated that the leakage rate will be further decreased to 15% upon completion of the programme in 2015.

Flooding

On improvement against the risk of flooding, we are now implementing three drainage tunnel projects: Hong Kong West Drainage Tunnel, Tsuen Wan Drainage Tunnel and Lai Chi Kok Drainage Tunnel at a total cost of about \$6.5 billion. These projects are expected to be completed progressively from 2012 to 2013. We have also obtained a funding of \$1,065.8 million from the Finance Committee for the construction of an underground stormwater storage tank in Happy Valley Recreation Ground to relieve the flooding problem in the Happy Valley and upgrade the system so that it can withstand rainstorms with a return period of one in 50 years. The works have commenced in late 2011 and are expected to be completed, in phases, by early 2018.

We are now reviewing the Drainage Master Plan in East Kowloon and West Kowloon to assess the flooding risks of these districts and propose improvement measures. We are also conducting studies to identify rivers with flooding risks and devise a warning system for residents living in adjacent areas.

Slope Safety

The Landslip Prevention and Mitigation Programme has made good progress since its implementation in 2010. The programme was implemented on a continuous and risk management basis to keep the landslide risks associated with the natural hillside catchments and the man-made slopes to a reasonably low level. We will keep on using the risk-based priority ranking system to determine the ranking of slopes and to carry out slope works according to the risk-based priority list.

Lift Safety

To enhance the regulation of lift and escalator safety, we have introduced the Lifts and Escalators Bill to the Legislative Council in May 2011 to repeal in whole the existing Lifts and Escalators (Safety) Ordinance (Cap. 327). With the support of the Legislative Council and the industry, examination of the Bill by the Bills Committee was completed in February 2012. The second reading is expected to begin in April, after which we will work on the making of the relevant regulations. We plan to complete the relevant legislative process by the end of this legislative year so as to enhance the safety of lifts and escalators as early as possible.

Tree Safety

The Greening and Landscape Office (GLO) and the Tree Management Office (TMO) under the Greening, Landscape and Tree Management Section are actively promoting greening with due emphasis on protection of public safety as a priority consideration. The GLO continues to develop greening guidelines and best practices so as to enhance the quality of landscape design. The topics under study this year include integrated landscape design, adequate space allocation for planting, green coverage, etc.

The TMO has continuously updated the guidelines for tree risk assessment and management, having regard to the experience of tree risk assessment work in 2010 and 2011. The newly revised guidelines were promulgated in December 2011 and a new round of tree risk assessment by the tree management departments has started. The TMO will continue to step up audit checks on the trees managed by departments to ensure that all tree management work is conducted in a professional and prudent manner in preparation for the onset of wet season to better protect public safety. We will also continue with our efforts to foster a culture of tree care in our community and enhance people's knowledge through different channels and encourage community surveillance of trees.

Heritage Conservation

The Government is pressing ahead with the conservation of historic buildings. We have launched by phases a number of revitalisation projects for historic buildings under a diversified approach, which not only can help preserve historic buildings and enhance the urban cultural landscape, but also bring much benefit to local economy.

Good progress has been made for the various revitalisation projects launched by our Bureau in recent years. The six projects under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme) have progressed smoothly. Among them, the North Kowloon Magistracy has been revitalised into the Savannah College of Art and Design (SCAD) Hong Kong Campus, which has been in operation since September 2010. The Old Tai O Police Station has been revitalised into a boutique hotel, which was opened in late February 2012. The conservation and renovation works for the remaining four projects have commenced and are expected to be commissioned from mid-2012 to late 2012 (The four projects include: the revitalisation of Lui Seng Chun into a Chinese Medicine and Healthcare Centre, the revitalisation of the Former Lai Chi Kok Hospital into the Jao Tsung-I Academy, the revitalisation of Mei Ho House into a youth hostel, and the revitalisation of Fong Yuen Study Hall into a Tourism and Chinese Cultural Centre cum Ma Wan Residents Museum).

We are carrying out preliminary preparatory work for the three projects under Batch II of the Revitalisation Scheme. They include the revitalisation of the Old Tai Po Police Station into a landmark for the promotion of sustainable living and conservation, the revitalisation of the Blue House Cluster in Wan Chai to provide diversified community services, and the revitalisation of Stone Houses at Hau Wong Temple New Village in Kowloon City into a themed cafeteria-cum-visitor information centre. Funding application for the Stone Houses project was approved by the Finance Committee of the Legislative Council on 6 January 2012. The projects of the Old Tai Po Police Station and the Blue House Cluster were discussed at the Legislative Council Public Works Sub-committee meeting on 8 February 2012, and funding approval for the projects will be sought from the Finance Committee of the Legislative Council in April 2012.

Batch III of the Revitalisation Scheme (buildings to be revitalised include King Yin Lei, Haw Par Mansion, Bridges Street Market and the Former Fanling Magistracy) was launched on 7 October 2011. By the close of the application period on 6 February 2012, we received a total of 34 applications. It is envisaged that the selection exercise will be completed by end 2012.

The Central Police Station Compound will be revitalised into a centre for heritage, art and leisure. The revitalisation works commenced in late 2011 for completion in end 2014.

As for the project to transform the Former Police Married Quarters on Hollywood Road into “PMQ” by the Development Bureau in collaboration with the Architectural Services Department and the Musketeers Foundation, funding application was approved by the Finance Committee of the Legislative Council on 8 July 2011. The project works commenced in early 2012 for completion in end 2013.

The Development Bureau and the Antiquities and Monuments Office will continue to proactively reach out to private owners and offer assistance (including technical advice and financial assistance for the maintenance of historic buildings as well as the offer of economic incentives for preservation-cum-development projects) to encourage and facilitate the preservation of historic buildings under their ownership.

The Development Bureau has commissioned a consultancy study on the setting up of a statutory heritage trust, which is expected to be completed by mid 2012. Upon completion of the study, the Government will thoroughly consider the consultant's recommendations.

Conclusion

Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

Development Bureau
March 2012

**Presentation by Secretary for Development
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 215 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.
- My 2012-13 Recurrent Expenditure on Planning and Lands is \$3,847.93 million, representing an increase of \$310.33 million (8.8%) compared with the revised estimate of \$3,537.6 million for 2011-12. The additional resources are mainly for the work relating to enhancing building safety in Hong Kong, which will include enforcement against unauthorized building works (UBWs) in New Territories exempted houses as well as inspection of sub-divided flats, and the initiatives relating to increasing land supply and enhancing government land administration.
- In 2012-13, there will be an increase of about 100 civil service posts, including creation of 3 civil service directorate posts.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- It is widely recognised in the society that continuous supply of housing land is important to stabilise housing development. The Government will continue to adopt effective strategies to increase land supply in the coming year.
- The 2012-13 Government Land Sale Programme comprises 47 residential sites with a capacity to produce about 13 500 flats, of which 24 are new sites while 23 are rolled over from last year's Land Sale Programme. The availability of this large number of new

residential sites for sale demonstrates well the Government's firm commitment to increase housing land supply. It also reflects the co-ordinated efforts of the relevant bureaux and departments over the past year under the steer of the Financial Secretary (FS), who chairs the Steering Committee on Housing Land Supply.

- In the 2012-13 Land Sale Programme, the Government has included for the first time private residential sites in the Kai Tak Development. The two sites, with a total area of about 1.6 hectares (ha), could provide about 1 000 flats. Upon full completion, the Kai Tak Development will provide land for some 17 000 private housing units, including units built under the Urban Renewal Authority (URA)'s “flat for flat” scheme.
- Another highlight of the 2012-13 Land Sale Programme is the splitting of four larger sites in Tseung Kwan O, Tuen Mun and Tai Po into smaller plots for sale to enhance market competition. We will continue to apply this practice to other suitable sites without compromising the planning intent.
- To ensure the supply of housing units, including small and medium-sized flats, we will continue to impose flat number or flat size restrictions on suitable sites having regard to site characteristics and market conditions. However, as I have mentioned earlier, we will be very careful when imposing flat size restrictions to avoid too much intervention in the market. This is because the Government has already announced the implementation of the new Home Ownership Scheme; on the other hand, property development along railways, in particular the West Rail property development projects, and the URA's projects, will provide quite a number of small and medium-sized flats. Yet, we will continue to impose flat number restrictions because land is a precious resource, which requires a lot of effort to expand and develop. Imposing flat number restrictions can ensure that the land made available by the Government can produce a certain number of housing units.
- We will also continue to announce Government-initiated land sale in advance on a quarterly basis. For the first quarter of 2012-13, i.e. April to June 2012, the Government will arrange for sale by tender four residential sites, two in Tseung Kwan O and one each in Sha Tin and North Point, which could provide a total of about 1 400 flats. Minimum flat number restrictions will be imposed on the three sites in Tseung Kwan O and North Point to guarantee quantity in supply.

- Through the Government's land sale programme, the four West Rail property development projects at Long Ping Station (North), Long Ping Station (South), Tsuen Wan West Station TW 6 and Yuen Long Station, the three property development projects owned by the MTR Corporation Limited (MTRCL) at Tai Wai Station, Tin Shui Wai Light Rail Terminus and Tseung Kwan O, URA's redevelopment projects, projects subject to lease modification/land exchange and private redevelopment projects not subject to lease modification/land exchange, the total housing land supply in the coming year is estimated to have the capacity to produce about 30 000 private residential flats.
- Our efforts to build up a land reserve will continue. As the FS said in his Budget Speech, we will continue to expand land resources in a multi-pronged manner, and this work will not be affected by economic cycles or fluctuations of the property market.

Making use of property development potential along railways

- Appropriately increasing the development intensity of land would help increase the supply of residential units within a relatively short span of time. Nonetheless, we should at the same time take note of the rising public aspirations for a quality city environment. As such, we should strike a proper balance between land use planning and development intensity. The Government invests heavily in railways to provide residents of the New Territories with rapid and easy access to the urban areas. We should therefore make optimal use of the property development potential along the railways.
- With a view to increasing housing land supply, the Government has invited the MTRCL earlier to submit a study report on the property projects above the West Rail Kam Sheung Road Station (KSRS) and Pat Heung Maintenance Centre (PHMC). Since the development of the KSRS and PHMC sites will not involve land resumption and the railway station already exists, priority should be given to the development of the proposed above-station property projects. Upon completion of the rezoning process, the KSRS and PHMC sites will be granted for development in 2014 at the earliest. Having regard to the development potential, environment, rural characteristics and other restrictions, it is proposed that the sites could be made available for medium-density residential developments. With a total plot ratio of 3, the two sites can provide a domestic gross floor area of about

600 000 square metres for about 8 700 residential flats, about 40% of which will be small and medium sized flats.

- Apart from exploring the opportunities for development at the above two sites, the report has also examined the development potential of some 100 ha¹ of land adjacent to the KSRS and PHMC sites. Technical assessments of the environment, ecology, traffic, drainage, sewage, ventilation, heritage, landscape and communal facilities of the development plans of various intensities have been carried out, and the adjacent areas have been identified as having potential for housing development, including public housing. The Planning Department (PlanD) and relevant departments, in collaboration with the MTRCL, are now conducting further studies on the proposals put forward in the report, and the land use zoning of the district is now under review in order to meet the development needs. After completion of the review of the land use zoning, the PlanD will submit the proposed amendments to the relevant Outline Zoning Plan (OZP) to the Town Planning Board, and conduct extensive consultation to collect local views. According to our preliminary estimate, the gross floor area of some 1 million square metres will be made available after increasing the development intensity of the adjacent areas, which could provide some 15 000 residential flats (including public housing). The Transport and Housing Bureau will also conduct further feasibility studies on public housing development.
- The Government is inviting the MTRCL to explore other sites along railways which can be further developed. We have not yet identified any specific sites and will discuss the issue with the MTRCL.

Land use studies and reviews in progress

- The PlanD is conducting a number of land use studies and reviews, which involve a total area of some 2 500 ha. Some of the larger studies and reviews include:
 - North East New Territories New Development Areas (NENT NDAs): The PlanD and the Civil Engineering and Development Department (CEDD) are conducting the planning and engineering study, which is anticipated to be completed by 2013. The NDAs will make available land for housing development in 2018 at the earliest.

¹ The area does not cover the “Village Type Development” zone in the district.

- Hung Shui Kiu NDA: The PlanD and the CEDD are conducting the planning and engineering study, which is anticipated to be completed by 2014. It is expected that the NDA will make available land for housing development in 2021 at the earliest.
- Review of sites in the North District/Yuen Long for housing development: Four sites in Kwu Tung South, Yuen Long South, Fanling/Sheung Shui Area 30 and Kong Nga Po have been identified for planning and engineering study to ascertain the feasibility of and scope for developing the above sites for residential use. The study will commence at the end of 2012 and take about 18 to 30 months to complete.
- Remaining development in Tung Chung New Town: The CEDD and the PlanD are conducting a detailed planning and engineering study, which covers Tung Chung and its adjacent areas including fallow land, foreshore and sea-bed. The study is anticipated to be completed by 2014.
- Industrial land: PlanD has completed the latest Area Assessments of Industrial Land in the Territory, looking into industrial land in “Industrial” and “Other Specified Uses” annotated “Business” (“OU(B)”) zones which are not yet developed and reviewing the uses of existing private industrial buildings in these two zones. It is recommended that approximately 60 ha of industrial land can be rezoned to non-industrial use, and half of which, i.e. about 30 ha, located in Tsuen Wan, Yuen Long, Fo Tan, Siu Lek Yuen, Tuen Mun, Tai Kok Tsui and Fanling, can be rezoned for residential use. The process of amending the OZPs involving the Tsuen Wan and Yuen Long sites has been completed. The amendments to the OZP involving the Tai Kok Tsui site were gazetted in August 2011, and the representations and comments received are being processed. The process of amending other OZPs will commence soon. If all the rezoning proposals are implemented, the area of “Industrial” zones will be reduced from about 297 ha to about 241 ha, while the area of “OU(B)” zones will be increased from about 200 ha to about 209 ha in the territory.
- Green Belt (GB) Zone: At present, about 15 258 ha of land in the territory is zoned as “GB”, accounting for about 26% of the total area of land covered in the statutory town plans. The planning intention of the “GB” zone is primarily to conserve the

natural environment, define the limits of urban and suburban development areas with natural features, contain urban sprawl and provide passive recreational outlets. The first phase of the review has been completed, with focus on “GB” sites in the New Territories that are devegetated, deserted, formed or spoiled. Our aim is to identify government land suitable for sale for private residential development and government land and/or private land suitable for public/subsidised housing development by way of land resumption and clearance. Taking into account various factors, including land ownership, topography and environment of the surrounding areas, our initial proposal is that a total of 15 “GB” sites, which are located in Tai Po, Sha Tin, Tuen Mun, Yuen Long and Sai Kung districts, can be rezoned for residential use. Statutory plans should first be amended before rezoning of the “GB” sites for residential use. We will consult the public on the rezoning according to the established procedures. The second phase of the review has also commenced, with focus on private land which would allow developers to carry out residential or other development uses through rezoning. The whole review is expected to be completed in mid-2012.

- Government, Institution or Community (G/IC) Sites: The review has been completed. According to the findings, 24 sites have been identified to be suitable for residential development. Most of the sites are located in G/IC zones. Statutory plans should first be amended before rezoning of the sites for residential development. We will consult the public on the rezoning according to the established procedures. We will also study ways to reduce the restrictions posed by some government utilities to the development of adjacent areas so as to release more land available for other uses. Examples include the former Wong Tai Sin Police Quarters sold in 2007 for private residential development with the residential flats already completed; the former Hung Hom Lee Kung Street Customs & Excise Married Quarters sold in 2011 for private residential development; the ex-Government Supplies Depot site at Oil Street in North Point sold in 2011 for hotel and residential/commercial development; and the former Kwai Chung Police Married Quarters, the former Sha Tin Fire Services Rank & File Quarters as well as the former Sha Tin Police Married Quarters already redeveloped for public housing development.

Building Safety

- We announced in October 2010 a new, multi-pronged package of measures, and in parallel allocated additional resources to the Buildings Department (BD) to enhance building safety in Hong Kong. Over the past year, most of these measures have been fully implemented, including the introduction of the Minor Works Control System (MWCS), revision and enhancement of the enforcement policy against UBWs, launching a number of large-scale operations, conducting a stock-taking exercise for all the UBWs in the territory, consolidation of various financial and technical assistance schemes for building owners, and enhancement of publicity and public education. More other work has also entered the final stage of preparation, which is expected to be implemented in the coming year.
- On the mandatory inspection of buildings and windows, with the passage of the Buildings (Amendment) Ordinance 2011 and the subsidiary legislation by the Legislative Council (LegCo) in June and December 2011 respectively, the BD launched the registration of Registered Inspectors under the Mandatory Building Inspection Scheme on 30 December 2011. The two schemes will be fully implemented in 2012. We will table the commencement notice to the LegCo later to bring into operation the remaining provisions of the Buildings (Amendment) Ordinance 2011, including the empowering sections for issuance of statutory notices requiring the inspection of buildings and windows as well as the technical and procedural requirements for inspections.
- Besides, we will fully co-operate with the LegCo to complete the scrutiny of the Buildings Legislation (Amendment) Bill 2011 as soon as possible, so as to implement the new measures to further enhance the enforcement efficiency of the BD. Meanwhile, we hope that another legislative amendment can be completed within this legislative year, which will include extending the MWCS to cover building works commonly associated with sub-divided flats to enhance works quality control.
- On law enforcement, the BD will step up enforcement against UBWs in New Territories village houses. UBWs which constitute blatant contravention of the law and impose higher potential risks will be systematically removed. Meanwhile, we will introduce a reporting and regular safety certification scheme for existing UBWs in village

houses which constitute relatively less serious contravention of the law and pose lower potential risks. The purpose of this scheme is to safeguard the structural safety of village houses and collect information for formulation of further follow-up plans. In addition, the BD will also further step up enforcement against sub-divided flats by increasing the number of target buildings with sub-divided flats to be inspected under large scale operations by more than 30% to 200 per year. 30 industrial buildings have been targeted for the first time. In response to concerns about potential fire risks posed by hawker stalls to nearby buildings, the BD will seek to complete a one-off special operation by the middle of this year under which sub-divided flats in old buildings near hawker stalls will be inspected, bringing the number of buildings with sub-divided flats to be inspected by the BD to about 370 in 2012.

- As part of the above ongoing efforts, we have increased considerably the resources allocated to the BD over the past two years, for the purpose of protecting building safety in Hong Kong. Together with the additional resources allocated to the BD in the financial year 2011-12, the total amount of resources to be allocated to the BD in the coming year is \$408 million more than that two years ago. As such, the number of civil service posts in the establishment of the BD has increased by more than 230 in two years, representing an increase of nearly 25%.

“Operation Building Bright” (OBB)

- In May 2009, we launched the OBB as one of the measures for “preserving jobs” amidst the financial tsunami and for the purpose of improving building safety in Hong Kong. Together with the Government's four-time injection totalling \$3.2 billion and the Hong Kong Housing Society's and the URA's \$0.3 billion, the \$3.5 billion funding of the OBB has so far subsidised owners of about 1 500 old buildings to carry out repair works and created over 28 700 job opportunities.
- We estimate that the \$3.5 billion OBB will be able to provide assistance to more than 3 000 buildings aged 30 years or above and create more than 60 000 job opportunities related to the construction industry.

Urban Renewal

“Pilot scheme” for redevelopment of industrial buildings

- In his 2012-13 Budget, the FS proposed to invite the URA to launch redevelopment projects of industrial buildings in the form of a pilot scheme to provide a new impetus to our work on the revitalisation of industrial buildings. The Board of the URA will deliberate on the criteria for the selection of industrial buildings and the implementation timetable of the pilot scheme. The scheme is expected to be launched in the coming one to two years.
- After trying out the pilot scheme, the Government will review the situation. If the URA is to be heavily involved in the redevelopment of industrial buildings in future, we propose to make another injection to it when necessary. This is to ensure that the URA's task of improving the living environment of people residing in old buildings will not be affected.

Implementation of the new Urban Renewal Strategy (URS)

- Over the 12-month period since the promulgation of the new URS on 24 February 2011, the URA Board and staff have spared no efforts in implementing all the initiatives under the new Strategy. The details are as follows:

(i) “Demand-led” scheme and “facilitator” scheme

The URA announced the details of its “demand-led” scheme and “facilitator” scheme in July 2011 and started accepting applications from interested owners.

By the close of applications for the “demand-led” scheme in end October 2011, a total of 25 applications were received. These applications were screened by the URA Board. As most of these applications failed to meet the scheme requirements, they were rejected. For eligible applications, the URA has completed the vetting process and selected suitable projects for inclusion into its 2012-13 Business Plan and 2012-13 to 2016-17 Corporate Plan for submission to the FS for approval.

As for the “facilitator” scheme, the URA has received three applications since its launch in July 2011. As one of the applications failed to meet the ownership threshold specified, it was rejected. Another application was assessed to be financially viable by the independent valuation consultant engaged by the URA. The subsidiary company of the URA, set up to undertake the intermediary service of facilitation, is now following up on this application in full strength. The latest application was only received in mid-February and is still being vetted by the company.

(ii) “Flat for flat” scheme at Kai Tak

Late last year, the Executive Council approved the private treaty grant for site A of Site 1G1 at the Kai Tak Development to the URA at market value reflecting the conditions of the land grant and other restrictions. The URA will develop modest flats at the site to implement the “Flat-for-flat” scheme. It is expected that the site can be handed over to the URA in April at the earliest. Site A will provide about 500 flats with sizes ranging from 400 to 650 square feet (saleable area). The flats will be available in 2016. Affected eligible owner-occupiers of the URA redevelopment projects that are commenced after the promulgation of the new URS can opt for the “Flat-for-flat” arrangement. At its press conference on 27 February, the URA announced the details of its “Flat for Flat” Scheme at Kai Tak and in-situ for the owner-occupiers affected by the first redevelopment project commenced after the promulgation of the new Urban Renewal Strategy at Pak Tai Street/San Shan Road. The “Flat-for-flat” Scheme will provide them with an alternative apart from cash compensation.

(iii) Kowloon City District Urban Renewal Forum (KC DURF)

The KC DURF was set up in June 2011 and comprises 15 non-official members as well as government and URA representatives. A Chief Town Planner post was created in May last year after approval was given by the Finance Committee of the LegCo in the same month. Three non-directorate posts were also created to provide professional and secretariat support for the KC DURF. The KC DURF has already met four times and will soon commission a

consultant to conduct a planning study, a social impact assessment study as well as the first stage public engagement exercise for Kowloon city district.

(iv) “Urban Renewal Trust Fund”

The Urban Renewal Fund Limited (URFL), registered as a company limited by guarantee, was incorporated in mid-August 2011. The URFL Board comprises a total of ten members. All of them were officially appointed to the Board in August 2011 to manage the Urban Renewal Trust Fund (the Fund) for which the URA had made an endowment of \$500 million to provide funding support for the various activities as stated in the new URS. In November 2011, the Fund was granted charitable status for tax exemption purpose by the Inland Revenue Department. The URFL has commenced work. Last year, the URFL renewed the contracts with the three social welfare organisations providing social service teams on Hong Kong Island and Kowloon for the URA in the past. The service contracts have been extended to the end of 2012 to allow time for the URFL Board to conduct a review on the scope of service and the manpower requirements of the incumbent social service teams. The URFL Board is also considering the funding applications submitted by the Secretariat of the KC DURF and it will also announce the details of a new funding scheme to support heritage preservation and district revitalisation initiatives in the overall context of urban renewal soon.

Harbourfront enhancement

- Victoria Harbour is a precious public asset of Hong Kong, and people are attaching greater importance to the long-term development of the harbourfront. We will continue to take forward harbourfront enhancement initiatives with a view to building continuous waterfront promenades on both sides of the harbour and increasing leisure and recreational open space for the enjoyment of the public and tourists alike. Upon completion of all the on-going and approved waterfront promenade projects, including the two advance promenades in Central and Quarry Bay (Hoi Yu Street), as well as the Kai Tak Runway Park Phase 1 adjacent to the Cruise Terminal and Kwun Tong Promenade Stage 2, the length of the water promenade open for public use will be extended by two kilometres.

- To create a vibrant harbourfront with more diversified attractions, the DEVB is exploring with the Harbourfront Commission on the establishment of a statutory and dedicated harbourfront authority, which will push ahead with the design, construction, operation and management of harbourfront projects with a creative mindset, flexible framework and entrepreneurial culture. We have already commenced the relevant research work and discussion, and expect to put forward a proposal in the middle of this year. If the proposal is widely supported by the community, the Government will provide the necessary financial support.

Cross-boundary co-operation projects and infrastructure

- The Framework Agreement on Hong Kong/Guangdong Co-operation signed in April 2010 consists of a number of regional co-operation projects and cross-boundary infrastructure, while there are four development-related initiatives co-ordinated by the DEVB, namely the development of the Lok Ma Chau Loop, the Study on the Action Plan for the Bay Area of the Pearl River Estuary (the Study), the development of Liantang/Heung Yuen Wai Boundary Control Point and the supply of Dongjiang water.
- Both the Hong Kong and Shenzhen Governments have reached preliminary consensus on various issues including development positioning, applicable laws, land administration and co-development mechanisms. A co-operation agreement on jointly taking forward the development of the Lok Ma Chau Loop was signed at the Hong Kong/Shenzhen Co-operation Meeting on 25 November 2011. With respect to the development of the Lok Ma Chau Loop, both sides agreed that higher education could be the leading land use in the Loop, complemented with hi-tech research and development facilities as well as cultural and creative industries. The Stage 1 public engagement exercise for the Planning and Engineering Study on Development of Lok Ma Chau Loop was completed in early 2011. We will commence the Stage 2 public engagement exercise on the proposed Outline Development Plans in the second quarter of 2012. The whole study will be completed in 2013 and is scheduled for implementation in 2020 to complement the aim of the Outline of the Plan for the Reform and Development of the Pearl River Delta (PRD) (2008-2020).

- The Study has devised a planning concept for developing the Bay Area surrounding the Pearl River Estuary into a focal point of the Greater PRD region, making it an area for quality living as well as favourable to economic development. Subsequent to the governments of Hong Kong, Guangdong and Macao's initial proposal to conduct the public engagement exercise in Hong Kong, Guangdong and Macao concurrently, the Stage 2 public engagement exercise of the Study is anticipated to commence in the middle of this year. The whole study is scheduled for completion within this year. The proposals put forward by the Study mainly concern planning principles or directions that could serve as a reference by the three Governments when considering their own individual policies and measures. They do not involve individual developments or works projects. We will formulate development projects in accordance with the mode of development in Hong Kong. We will carry out consultation and study in accordance with the established procedures before implementation of any proposal.
- I have mentioned the development of Liantang/Heung Yuen Wai Boundary Control Point and the supply of Dongjiang water in the last session. I will not repeat the projects here.

Conclusion

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

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Development Bureau
March 2012

**Presentation by Secretary for Judiciary Administrator
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. Its mission is to maintain an independent and effective judicial system which upholds the rule of law, safeguards the rights and freedoms of the individual, and commands confidence within and outside Hong Kong. In the financial year 2012-13, a total provision of \$1,209.6 million is sought to enable the Judiciary to achieve its objectives.

2012-13 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration in 2005, the Judiciary submitted its resource requirements for 2012-13 to the Administration in July 2011, prior to the Administration's drawing up of the budget for the Judiciary. The Judiciary considers that the above budgetary arrangements have been working satisfactorily, and that the Administration has been helpful in the process.

3. The draft Estimates of 2012-13 for the Judiciary, amounting to \$1,209.6 million, represents an increase of \$135.8 million, or 12.6%, over our revised estimates for 2011-12. With this provision sought, the Judiciary is able to fill all the substantive Judges and Judicial Officers (“JJOs”) posts at all levels of courts on its establishment, engage temporary judicial manpower to help improve waiting times in pressure areas in the interim and recruit additional support staff to meet the needs arising from the increased level of judicial and registry services.

Judicial Manpower and Recruitment Exercises

4. At present, there are 189 judicial posts at all levels of courts on the establishment of the Judiciary. Such level of establishment can be regarded as generally sufficient to cater for the operational needs of the Judiciary, having regard to its prevailing workload. However, to cater for the increasing workload in the Lands Tribunal, in particular the increase arising from more compulsory sale cases since 2009, the Judiciary proposes, with the support of the Development Bureau, to seek to create two additional judicial posts of one District Judge and one Member, Lands Tribunal for the Lands Tribunal in the current legislative session. Subject

to the Finance Committee's approval of the two additional judicial posts, the establishment of the judicial posts will be increased to 191 in the coming financial year. Further, subject to the passage of the Competition Bill and the establishment of the Competition Tribunal within the Judiciary, two further additional judicial posts, namely one Judge of the Court of First Instance of the High Court and one Deputy Registrar of the High Court, will also need to be created to enable the Judiciary to cope with the work of the new set up.

5. At present, against the establishment of 189 judicial posts, 144 are filled substantially. There are 45 vacancies, which have arisen mainly from the retirement and elevation of JJOs at all levels of courts. The top priority for the Judiciary is to have these vacancies substantively filled by good quality candidates from both within and outside the Judiciary.

6. For this purpose, open recruitment exercises for various levels of courts (namely, Special Magistrates, Permanent Magistrates, District Judges and Court of First Instance Judges of the High Court) started in June 2011 and are on-going, with a view toward filling the vacancies we have and will have. It is expected that all the recruitment exercises will be completed in 2012.

7. Meanwhile, the level of substantive judicial manpower has been affected. There are some pressure points, particularly in the High Court, and these have resulted in the lengthening of court waiting times.

8. To address the situation and also to respond to the fluctuation of workload from time to time, the Judiciary has been engaging deputy JJOs as a short term measure. The deputy JJOs provide the needed judicial manpower before substantive JJOs are appointed and help reduce waiting times to a certain extent in the interim. But it should be recognized that there is a limit to which the workload can be helped out by the appointment of deputy JJOs and that the judicial manpower situation must ultimately be addressed by filling the vacancies substantively.

9. According to the Chief Justice, the shortfall of substantive judicial manpower is only temporary, and he is confident that the Judiciary shall maintain the high standards that the public expects of the Judiciary.

10. At the same time, the Judiciary will continue to keep its judicial manpower situation at all levels of courts under constant review and will take appropriate action where it is considered necessary to do so.

Enhancement of Support Staff Manpower

11. To provide adequate support to JJOs and operate effective and efficient registry and other support services, 41 net additional civil service posts will be created in 2012-13. As regards the filling of existing vacancies, the Judiciary has started open recruitment exercises for civil service staff in the Tribunal Officer and Bailiff's Assistant grades in the latter half of 2011 and early 2012 respectively. In addition, the Judiciary expects that more civil service vacancies in the clerical grade will be filled during the coming financial year. It is expected that the successful recruitment of civil service staff will continue to enhance the support staff manpower position of the Judiciary in 2012-13.

Civil Justice Reform and Mediation

12. The Civil Justice Reform (“CJR”) came into effect on 2 April 2009. A CJR Monitoring Committee chaired by the Chief Judge of the High Court is monitoring the work of the reformed system. The Monitoring Committee noted that the implementation of the CJR had on the whole been smooth and satisfactory in the first two years. There are positive signs that the intended results of CJR were being achieved. However, a longer time will be required to assess the full impact, benefit and effectiveness of CJR. We will continue to monitor.

13. A key feature of the CJR is the facilitation by the court of the settlement of disputes by encouraging parties to engage in mediation. There has been an increasing awareness among litigating parties that mediation would be one of the alternative routes for dispute resolution. Information sessions have been conducted on a regular basis by our Mediation Information Office to enable litigating parties to familiarize themselves with the option of mediation. Parties are now showing greater readiness in attempting mediation and we will continue to monitor the situation closely and consider whether further facilitation measures are required.

Conclusion

14. The Judiciary will continue to explore areas for further improvements to enhance access to justice and to provide quality services to court users and members of the public.

15. Thank you.

**Presentation by Secretary for Justice
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Thank you, Chairman and Members. I believe Members are familiar with the five programmes areas (namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law) of the Department of Justice (DoJ). In 2012-13, the estimated expenditure of the Department amounts to \$1,250.5M, representing an increase of 11.5% (\$128.6M) over the revised estimated expenditure for 2011-12. This increase is mainly due to the filling of vacancies and the creation of 31 posts (including directorate and non-directorate posts comprising professional lawyers and supporting staff) to cope with increasing demand for legal services. We also expect an increase in briefing-out to lawyers in private practice and in court costs. In relation to briefing-out, the provision we made in 2012-13 is \$235.8M, which is 7.6% higher than the corresponding 2011-12 revised estimates.

2. I would now highlight the DoJ's work in the new financial year.

Programme 1 - Prosecutions

3. In the coming year, the Prosecutions Division will continue to prosecute cases professionally and fairly and in accordance with published prosecution policy guidelines. Measures have also been adopted to enhance the quality of our advocacy and advisory work.

4. In the coming year, training programmes on prosecution matters will be provided to new counsel while serving counsel will receive continuing legal education. At the same time, we have also looked beyond the Department. As I mentioned last year, we organised a one-day training course jointly with the Bar Association and the Law Society, followed by a two-week supervised engagement to prosecute in the Magistrates' Courts, for new lawyers who wish to join our fiat lists. This arrangement has proved to be a great success. It will continue in the coming financial year.

Programme 2 – Civil

5. The Civil Division provides legal advice on a wide range of legal issues on civil matters to all government bureaux and departments. The Division also represents the government in all forms of civil litigation and

dispute resolution. The advice and litigation cases handled by the Division cover diverse legal issues and areas of law, and they are increasing in volume and complexity. We have provided additional resources in the past few years to cope with the increasing workload and there is no exception this year. There is a 20.9% anticipated increase in the provision for the Civil Division.

6. The Civil Division continues to assist me and the Mediation Task Force to further the promotion of wider use and development of mediation. Thanks to the concerted efforts of Members of the Bills Committee, to whom I am grateful, the scrutiny of the Mediation Bill has made good progress. I look forward to the early enactment of the Bill so that a statutory framework would be provided to mediation.

7. I expect that public law litigation, in particular those that raise challenges of constitutional importance will continue to be a major area of practice in the Division.

Programme 3 – Legal Policy

8. An important policy objective of this Department is to promote Hong Kong as a regional centre for legal services and dispute resolution. In this coming financial year, we shall seek, under the framework of CEPA and its latest Supplement VIII, to explore ways of improving the mode of association of law firms of the two jurisdictions. We shall also make good use of the “Co-operative Arrangement on Legal Matters between Shenzhen/Hong Kong” signed by the two sides. We will seek to secure greater market access for Hong Kong lawyers and arbitration professionals in Qianhai, Shenzhen. The Arrangement provides a new platform and exchange mechanism for enhancing co-operation on legal matters between the two places. In relation to the promotion of Hong Kong legal services to users in the Mainland, the Department will organize a Forum in September 2012 in Guangzhou jointly with the legal professional bodies and arbitration institutions of Hong Kong as well as the Hong Kong Trade Development Council. The Forum will reach out to our targeted service users including business enterprises and legal practitioners of the Mainland.

Programme 4 – Law Drafting

9. The Law Drafting Division will continue to provide quality professional drafting and related advisory service on demand by policy bureaux.

10. We are continuing to review how legislation can be made even more accessible. Included in this review is consideration of the use of examples and of the numbering system used in very big items of legislation. The Legislation Publication Ordinance which provides statutory backing for a verified and authenticated electronic database of Hong Kong legislation has been enacted and we have initiated the tendering process for the database project.

Programme 5 – International Law

11. In the coming year, the International Law Division will continue to provide advice on international law issues, negotiate international agreements or contribute as legal advisers in negotiations, and handle requests for international legal co-operation to bring benefits to the HKSAR. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, transfer of sentenced persons, mutual legal assistance and international child abduction cases.

Conclusion

12. The above outlines the major work in the Department in the coming financial year. My colleagues and I will be pleased to provide further information.

13. Thank you.

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Department of Justice
March 2012

**Presentation by Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

- Chairman, the Budget has included matters within the policy areas of commerce, industry and tourism. I would like to set out the progress and content of the key policies.

Support for SMEs

- SMEs are the pillar of Hong Kong's economy. The Government is committed to providing appropriate assistance to them having regard to the prevailing economic situation.
- To demonstrate the Government's continuous support to SMEs, we have sought the approval of the Finance Committee in July 2011 to increase substantially the total guarantee commitment under the SME Loan Guarantee Scheme from \$20 billion to \$30 billion.

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD)

- To support Hong Kong enterprises, in particular SMEs, to develop brands, upgrade and restructure their operations and tap the Mainland domestic market so as to capture the opportunities arising from the National 12th Five-Year Plan, the Chief Executive announced in the 2011 Policy Address a proposal to set up a dedicated fund of \$1 billion to encourage them to move up the value chain and explore and develop the Mainland market through developing brands, restructuring and upgrading their operations and promoting domestic sales in the Mainland.
- The fund would comprise two parts: to provide funding support to individual Hong Kong companies and non-profit distributing organisations respectively. On one hand, we would provide funding support for individual Hong Kong companies to undertake projects to develop brands, upgrade and restructure their business operations and promote sales in the Mainland market, so as to enhance their competitiveness and facilitate their business development in the Mainland. On the other hand, we would also provide funding support to non-profit distributing organisations for them to undertake

large-scale projects which aim to assist Hong Kong enterprises in general or in specific sectors to develop brands, upgrade and restructure business operations, and promote sales in the Mainland market.

- We have consulted the trade earlier and are finalising the operation details of the fund. We plan to seek the funding approval from the Finance Committee of the Legislative Council (LegCo) in April with a view to launching the fund by mid 2012.

SME Financing Guarantee Scheme – Special Time-limited Concessionary Measures

- In the light of the uncertain external economic environment, local enterprises, in particular SMEs, will likely be adversely affected by liquidity problems brought about by credit tightening. In order to tide enterprises over potential financing difficulties, the Financial Secretary announced in the 2012-13 Budget to introduce special time-limited concessionary measures under the existing SME Financing Guarantee Scheme of the Hong Kong Mortgage Corporation Limited.
- Under the concessionary measures, the loan guarantee ratio of approved loans will be increased from the existing ceiling of 70% to 80%, while guarantee fee will be reduced substantially, i.e. the guarantee fee payable for an 80% loan guarantee is only about 30% of the existing guarantee fee for a 70% guarantee for approved loans. The Government will make a total guarantee commitment of \$100 billion. The application period of the special concessionary measures will last for nine months.
- We believe that the concessionary measures would provide timely and adequate assistance to enterprises in need. We are working closely with the Hong Kong Mortgage Corporation on the preparatory work and plan to seek the funding approval from the Finance Committee of LegCo in April, with a view to launching the special concessionary measures within the first half of this year as soon as possible.

The Hong Kong Export Credit Insurance Corporation (ECIC)'s Measures

- To further assist SMEs, with the full support of the Government, the ECIC has since 6 February this year introduced new terms in their

insurance policy, which include special concessions for SMEs. For example, SME policyholders will be allowed to insure their exports only for places and buyers of their choice under specified circumstances, and will be offered various premium discounts. Moreover, the ECIC has since 6 February this year further extended the sales-by policy launched in March last year to contracts between Hong Kong exporters' overseas or Mainland subsidiaries, of which the Hong Kong policyholders have control, and their buyers. These new initiatives will further help SMEs maintain their competitiveness, tap into emerging markets and ease their financial pressure.

Reduction of Import and Export Declaration Charges across-the-board by 50%

- The uncertain external economic environment has posed, to a certain extent, negative impact on Hong Kong's merchandise trade. The Financial Secretary proposed in his Budget Speech to halve the import and export declaration charges across-the-board, with a view to providing timely assistance to the import and export trade and alleviating the economic pressure faced by them. We estimate that the reduction would help a local import and export company save an average of about \$9,000 every year and would result in about \$750 million loss in revenue for the Government per annum.

Tourism Performance

- Following the recovery and upward trend in 2010, our visitor arrivals recorded significant growth in 2011. Total visitor arrivals increased by 16.4% to reach 41.92 million, surpassing the 40-million mark for the first time.
- Mainland visitor arrivals reached 28.1 million in 2011, up by 23.9% over 2010, and accounted for 67.0% of our total arrivals. Some long-haul (+1.7%) and short-haul (+4.6%) source markets, such as Russia and South Korea, also registered satisfactory growth.
- Looking ahead in 2012, the Hong Kong Tourism Board (HKTB) expects that visitor arrivals to Hong Kong will grow by 5.5% to 44.23 million.

Development of Tourism Infrastructure

- Tourism is an important pillar of our economy. We will continue to invest in tourism infrastructure to sustain Hong Kong's position as an important tourism hub of Asia.
- On infrastructure development, the overall progress of the construction works of the new cruise terminal at Kai Tak is satisfactory. The new terminal will come into operation in the middle of next year. We have largely completed the tender process for the tenancy for operating and managing the new terminal and hope to announce the tender result shortly. We have also allocated additional resources to the HKTB to step up its efforts in promoting the new terminal and cruise tourism in Hong Kong.
- We will also continue to develop the two theme parks in order to further enhance their attractiveness. The Hong Kong Disneyland is exploring a more concrete proposal on further expansion within the existing area of the park after completing the current expansion plan. Ocean Park Corporation (OPC) is also examining the technical and financial feasibility of developing Tai Shue Wan as a new integrated theme zone comprising an indoor/outdoor waterpark, an ice-skating rink, food & beverage and entertainment facilities, and a carpark.
- In addition, OPC is actively preparing for the re-tender exercise of the hotel development project, which includes reviewing the terms and conditions of the re-tender in detail, including how the theme and operation arrangements of the hotel would complement those of Ocean Park, and the possible impact of such terms and conditions on the tender price. OPC will announce the details as soon as possible. We will also continue to monitor the demand and supply situation of our hotel market. Hong Kong provides a wide variety of hotels in different price ranges to meet the diversified needs of our tourists. As at the end of 2011, there were 190 hotels providing 62 830 rooms. In the coming two years, there will be 45 new hotels in Hong Kong, providing an additional 8 133 rooms.

Mega Events Fund

- One of the proposals concerning tourism in the Budget is earmarking \$150 million to extend the operation of the Mega Events Fund (MEF), which is due to expire by the end of this month, for five years under a modified scheme, with a view to attracting more internationally-acclaimed mega events to Hong Kong.

- We hope to finalise the details of the new operational framework of the MEF as soon as possible and then consult the Panel on Economic Development of LegCo. We plan to submit the funding proposal to the Finance Committee for approval within the 2011-12 LegCo session, so that the MEF can operate under the new mechanism by mid-2012, hence benefit more events.

Conclusion

- Chairman, we also have some other important tasks this year, such as the Competition Bill, the Trade Descriptions (Unfair Trade Practices) (Amendment) Bill 2012 and the protection of intellectual property rights. In view of limited time available, I would not introduce them in detail.
- I would be pleased to answer questions from Members.

Commerce and Economic Development Bureau
March 2012

**Presentation by Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Introduction

1. Chairperson, the Budget of this year has covered a number of policy areas under the scope of communications and technology. I will brief Members on our key policies and the work progress concerned.

Digital Audio Broadcasting

2. The Government has granted sound broadcasting licences to Digital Broadcasting Corporation Hong Kong Limited, Metro Broadcast Corporation Limited and Phoenix U Radio Limited for providing digital audio broadcasting service. Together with Radio Television Hong Kong (RTHK), they will provide a total of 18 channels, some of which had already been soft-launched or formally launched.

3. The service of the commercial operators and RTHK will be rolled out in full in the coming months. We will continue to oversee the launch of digital audio broadcasting services.

Radio Television Hong Kong

4. RTHK will continue to develop various new development initiatives to fulfil its mission as the public service broadcaster of Hong Kong. RTHK will continue the preparation work for the launch of digital terrestrial television service (DTT) by increasing the production of High Definition TV programme and establishing DTT transmission network, implementing the media asset management project as well as planning for the construction of new Broadcasting House in Tseung Kwan O. For the Digital Audio Broadcasting service, RTHK will, in the middle of this year, start to introduce more new programmes that embrace the digital technology. Besides, RTHK has also launched a public consultation on the pilot project for the Community Involvement Broadcasting Service (CBIS) since end of December 2011. RTHK will announce the outcome of the consultation and seek funding approval for the establishment of the Community Involvement Broadcasting Fund in the second quarter of 2012, with a view to inviting proposals for CIBS in the second half of 2012.

The Communications Authority

5. We will establish the Communications Authority on 1 April this year, by merging the functions of the Broadcasting Authority and Telecommunications Authority, as the unified regulator for the telecommunications and broadcasting sectors.

Creative Industries

6. The design sector is one of the fastest-growing sectors of local cultural and creative industries. We will step up our support to the design sector. We will seek the approval of the Finance Committee of the Legislative Council for funding¹ to support the operation work of the Hong Kong Design Centre (HKDC) for the coming three years; to finance two anchor events, namely Business of Design Week and Hong Kong Design Centre Awards; and to take forward a new round of the Design Incubation Programme; with a view to promoting the local design sector and nurturing design start-ups.

7. On the other hand, we will support the Hong Kong Design Centre in organising “Hong Kong Design Year” in 2012. Currently, some 40 design-related events have been confirmed for “Hong Kong Design Year”.

Innovation and Technology

8. On innovation and technology, we have increased the level of rebate under the Research and Development (R&D) Cash Rebate Scheme from 10% to 30%, which is applicable to applications approved on or after 1 February 2012.

9. Also, with immediate effect, we increase the monthly allowance under the Internship Programme by about 20%. The monthly allowances for Graduates who possess a Bachelor degree and those with a Master degree are increased to \$12,000 and \$14,000 respectively. ¹ We will earmark \$70 million to support the operation of HKDC for three years starting from June 2012; provide HKDC with \$37.50 million to stage “Business Design Week” and “HKDC Awards” between 2012 and 2014; and the Government will redeploy existing financial resources and earmark an additional \$26.25 million to fund the new round of “Design Incubation Programme” launched by HKDC.

10. The funding ceiling under the Small Entrepreneur Research Assistance Programme (SERAP) of the Innovation and Technology Fund will be increased from \$4 million to \$6 million to facilitate the research and development activities of small and medium enterprises.

Providing Infrastructure for Innovation and Technology

11. The development of Science Park Phase 3 is in good progress. It will be completed in stages from early 2014 to 2016. Upon completion, the total floor space of Science Park will increase by some 50% and can accommodate an additional 150 technology companies. Some 4 000 R&D related jobs will also be created.

12. To meet the long-term development needs of the high-tech industry, we have invited the Hong Kong Science and Technology Parks Corporation (HKSTPC) to explore the feasibility of expanding Yuen Long Industrial Estate, which involves about 16 hectares of land. In the meantime, HKSTPC will continue to revitalise the three existing industrial estates to release precious land for new projects.

Testing and Certification Services

13. On the promotion of testing and certification services, the Government has been implementing a three-year industry development plan together with the Hong Kong Council for Testing and Certification to enhance promotion of our testing and certification services outside Hong Kong. The Council has also focused efforts in promoting and developing new services in the four selected trades of Chinese medicine, construction materials, food and jewellery. In 2012, the Council will explore with the industry new business opportunities in the environmental protection and information and communications technologies sectors.

Digital 21 Strategy

14. We achieved good progress in implementing the Digital 21 Strategy last year. On Government IT expenditure, the estimated non-recurrent expenditure of computerisation in 2012-13 amounts to \$1.8 billion, which is 40% above the revised estimate of \$1.29 billion in this financial year.

Facilitating Data Centre Development

15. Data centres are essential infrastructure in a knowledge-based economy. The development of various economic sectors and the emerging

cloud computing and media business relies very much on data centres. Facilitating data centre development in Hong Kong also helps attract international business corporations to establish their regional headquarters in Hong Kong, thus maintaining Hong Kong's competitiveness as a regional hub as well as an international financial centre. Hong Kong is a prime location in the region for setting up data centres. However, it needs to meet the demand for data centre development quickly, lest these high value-added facilities will resort to other locations.

16. The 2012-13 Budget further announced two new measures to encourage the use of existing industrial buildings or industrial land for data centre development. First, we will exempt the waiver fees for changing parts of eligible industrial buildings into data centre use. In addition, for development of high-tier data centres involving lease modification on industrial land, the Government will assess the premium for the lease modification on the basis of high-tier data centre use. These two measures will be introduced in 2012-13 financial year for application till 31 March 2016. We will announce the implementation details in due course.

17. In the meantime, we are actively coordinating with relevant government departments to remove barriers having regard to the special mode of operation of data centres. For example, the Data Centre Facilitation Unit of the Office of the Government Chief Information Officer has recently completed a study on lorry parking requirements of data centres for Transport Department's reference. We will continue to engage the industry in order to facilitate the development of data centres in Hong Kong.

Cloud Computing

18. We will start to develop the first phase Government cloud platform this year to enable more agile and cost-effective delivery of e-government services. We are now working on the technological design and implementation plan for the Government cloud platform and will soon seek funding from the Finance Committee.

19. The rapidly developing Mainland technology sectors and markets could be the standard setter on cloud computing. We are working with Mainland authorities to enable exchange of views and experience in cloud services and related standards between experts in the two places.

Facilitating Digital Inclusion

20. We launched the five-year Internet Learning Support Programme to help low-income families acquire affordable computers and Internet access services, and provide them with complementary training and support so that their school-age children can enhance their quality of learning and broaden their horizon.

21. Last year, we provided funding to support the development of ICT-based assistive devices, and launched a campaign to drive adoption of accessibility design in both public and private websites to facilitate persons with disabilities to access online information and services.

22. Chairperson, I stand ready to answer questions from Members.

~ End ~

Commerce and Economic Development Bureau
March 2012

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Chairman,

I will briefly introduce the estimates of expenditure for financial services and our key initiatives in 2012-13.

Estimates of Expenditure

2. For 2012-13, I have allocated about \$850 million from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents a decrease of more than \$200 million over last year.

Key Areas of Work in the Coming Year

3. We will focus our work in respect of financial services in the coming year on leveraging our competitive advantages to sustain stable development of the financial services and reinforce Hong Kong's status as an international financial centre. The key areas of work include further enhancing financial co-operation between Hong Kong and the Mainland, promoting market development and improving market quality.

(I) Enhancing Financial Co-operation between Hong Kong and the Mainland

4. In support of the National 12th Five-Year Plan, we will leverage on our advantage of being having close ties with our motherland to continue enhancing financial co-operation between Hong Kong and the Mainland. We will, through the Closer Economic Partnership Arrangement (CEPA) and other regional co-operation platforms (including the ones between Hong Kong and Guangdong, and Hong Kong and Shanghai, as well as Qianhai), foster collaboration between financial institutions in Hong Kong and the Mainland, as well as exchanges of financial products, capital and talents between the two places.

5. Last year, Mr Li Keqiang, Vice-Premier of the State Council, announced over 30 measures to support the social and economic

development in Hong Kong. Most of those aimed at promoting financial development have been implemented, including the promulgation of the administrative rules on Cross-border RMB Foreign Direct Investment (RFDI) and RMB Qualified Foreign Institutional Investor (RQFII) scheme. We will continue to attract more overseas corporations and financial institutions to use Hong Kong's RMB clearing platform; enhance Hong Kong's RMB capital formation platform by, for example, encouraging more Hong Kong, foreign and Mainland institutions and enterprises to issue RMB-denominated bonds in Hong Kong; promote the development of more innovative RMB-denominated products; and expand and deepen the connectivity between Hong Kong's offshore RMB market and the onshore markets in the Mainland to promote the cross-border use and circulation of RMB funds, thereby further reinforcing Hong Kong's position as an offshore RMB business centre.

(II) Promoting Market Development

6. On promoting market development, we will focus on four priorities, namely consolidating our position as a global platform to raise capital, fostering the growth of our asset management industry, expanding the bond market and developing an Islamic financial platform in Hong Kong.

(i) Capital Formation Platform

7. Hong Kong has been the most active market for initial public offerings (IPOs) globally for the third consecutive year, raising a total of \$225 billion last year, more than any bourse in the world. For the first time, enterprises from Italy, Switzerland and Kazakhstan came to list in Hong Kong last year. We will continue to work with the Stock Exchange of Hong Kong to promote Hong Kong's strengths as the premier capital formation centre to overseas countries, including BRICS countries and other emerging markets. Hong Kong Exchanges and Clearing Limited is reviewing and planning to conduct a consultation on the conditions for overseas companies to seek primary or secondary listings in Hong Kong. The aim is to further facilitate the listing of overseas companies in Hong Kong without compromising investor protection.

(ii) Asset Management Industry

8. To further strengthen the competitiveness of our asset management industry, we will continue to take multi-prong measures, such as entering into more comprehensive agreements for the avoidance of double taxation, continuing to develop an Islamic financial platform, modernising the Trustee Ordinance and stepping up overseas promotion.

(iii) Bond Market

9. The inaugural iBond issuance launched last year was well received. We plan to launch a further issuance of iBond worth not more than HK\$10 billion with a maturity of three years to further enhance retail investors' understanding of and interest in bond investment, thereby fostering the sustainable development of our retail bond market.

(iv) Islamic Finance

10. We are close to finalising the draft amendments to the relevant legislation with a view to levelling the playing field for common types of Islamic bonds (i.e. sukuk) vis-à-vis their conventional counterparts as far as profits tax, property tax and stamp duty are concerned. To ensure that our legislative proposals are practicable and meet the latest market development needs, we will consult the market this month on the draft amendments. We plan to introduce the Bill into the Legislative Council (LegCo) for scrutiny in the next legislative session.

(III) Improving Market Quality

11. The third key area of work is to improve market quality by refining the regulatory regime. I would like to highlight some major initiatives.

(i) Revamp of Companies Ordinance

12. We introduced the Companies Bill into LegCo for scrutiny in January last year. We are now working closely with the LegCo Bills Committee with a view to passing the Bill within the current term of LegCo.

13. In addition, we have launched an exercise to modernise Hong Kong's corporate insolvency law to facilitate more efficient administration of the winding-up of companies, enhance the protection of creditors, and provide for a new statutory corporate rescue procedure.

(ii) Amendment to the trust law

14. We are working on the amendment of the trust law in order to strengthen the competitiveness of our trust services industry. We will start a consultation on the specific amendment proposals this month. Our aim is to introduce an amendment bill into the LegCo in the next legislative session.

(iii) Introduction of a Statutory Regime Obliging Listed Companies to Disclose Price Sensitive Information

15. In June 2011, we introduced a legislative proposal to the LegCo obliging listed companies to disclose price sensitive information (PSI) in a timely manner to raise market awareness of timely disclosure of PSI and to enhance market transparency and quality. The bills committee has largely completed the deliberation of the Bill. The legislative process is expected to complete shortly, and the new regime will come into effect in the first quarter of 2013.

(iv) Regulation of the Over-the-Counter Derivatives Market

16. We are working with the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) to develop a regulatory regime for the over-the-counter (OTC) derivatives market. In line with the objectives of the G20 Commitments, the proposed regulatory regime aims to enhance the overall transparency of the OTC derivatives market and minimise the systemic risk of the financial system. The SFC and the HKMA consulted the market on the proposed regulatory framework in the fourth quarter of 2011. We are going to report the latest progress to the Panel on Financial Affairs of the LegCo in due course and put forward our proposals for the LegCo's consideration within this year.

(v) Establishment of an independent Insurance Authority

17. The proposal to establish an independent Insurance Authority (IIA) is supported by the public in general. The IIA will not only enable the Administration to have greater nimbleness in responding to new regulatory challenges but also enhance protection for policyholders. We are preparing draft key legislative provisions based on the consultation conclusions and detailed proposals published in mid-2011. Our target is to make them available for further consultation with stakeholders in mid-2012.

(vi) Establishment of a Policyholders' Protection Fund

18. The consultation conclusions and final proposals of the establishment of a Policyholders' Protection Fund (PPF) were announced in January this year. We have embarked on the preparation of the enabling legislation, and aim to introduce the relevant bill into the LegCo in the 2012-13 legislative session, with a view to establishing the PPF as soon as possible, to provide better protection for policyholders in the event of an insurer insolvency.

(vii) Enhanced Regulation of Mandatory Provident Fund Intermediaries/Optimisation of Mandatory Provident Fund System

19. As regards the Mandatory Provident Fund (MPF) System, with the implementation of various measures to increase market transparency and competition, the average Fund Expense Ratio of MPF schemes has been lowered from 2.1% in early 2008 to 1.77% in January 2012, representing a reduction of 15%. The Government introduced a bill on enhancing the regulation of MPF intermediaries into the LegCo in December 2011, and will work closely with the bills committee to facilitate its deliberation. We aim to have the bill enacted within the current legislative session, with a view to better protecting MPF scheme members' interests and paving the way for the implementation of the Employee Choice Arrangement in November 2012.

20. Moreover, we plan to introduce into the LegCo the subsidiary legislation on an automatic levy suspension and resumption mechanism for the Mandatory Provident Fund Schemes Compensation Fund in the second quarter of 2012. Based on the latest estimates, the Mandatory Provident Fund Authority (MPFA) may suspend the collection of levy under the mechanism. This measure will help reduce the expenditure of MPF schemes.

21. Concurrently, the MPFA is conducting a series of reviews to enhance the MPF System. They include the public consultation on the withdrawal of MPF accrued benefits, the consultancy study on trustees' administrative costs and the feasibility study on the establishment of a central database. We will continue to liaise closely with the MPFA on the above issues and take appropriate follow-up actions.

(viii) Enhanced Regulation of Short Selling

22. In Hong Kong, there are stringent measures to regulate short selling. They include the prohibition of naked short selling and short selling below the best current ask price. The SFC has earlier concluded a public consultation on the introduction of a short position reporting regime to further enhance the effectiveness of market surveillance. We will work with the regulator to amend the legislation as soon as possible in a bid to impose the new reporting regime in the first half of the year.

(ix) Strengthening of Investor Protection

23. Providing sufficient protection for investors is one of our policy priorities. We are preparing for the establishment of a cross-sectoral investor education body to enhance the financial literacy of the investing public in Hong Kong. We introduced into the LegCo in June 2011 the Securities and Futures (Amendment) Bill 2011 to empower SFC to establish an investor education council.

24. In addition, we have obtained funding approval from the LegCo for the establishment of a Financial Dispute Resolution Centre (FDRC) by mid-2012. The FDRC will provide an independent and affordable avenue for resolving monetary disputes between individual clients and financial institutions.

25. To conclude, we will continue to work closely with the regulators and the industry to implement the abovementioned working plan, and foster the sustained development of the financial services of Hong Kong. Chairman, my colleagues and I are happy to answer any inquiries from Members.

Financial Services and the Treasury Bureau
March 2012

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Wednesday, 7 March 2012**

Chairman and Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch has oversight of several programmes, which cover revenue and financial control, provision of central support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

Estimates by Programmes

2. The estimated total recurrent expenditure for the three programmes mentioned above for 2012-13 is \$7,550.32 million, with about \$4,400 million on revenue and financial control, about \$2,300 million on provision of central support services within the Government, and about \$800 million on maintenance of government properties. The estimated expenditure for these three programmes for 2012-13 is about \$1,430 million higher than the revised estimate for 2011-12.

3. Before giving an account of the key areas of work in the coming year, I would like to update Members on the latest position of “Scheme \$6,000”.

“Scheme \$6,000”

- Since “Scheme \$6,000” was launched on 28 August 2011, its overall implementation has been smooth. Up to 15 February 2012, over 4.47 million people, or 72% of all eligible persons, successfully registered under the Scheme.
- The Scheme will enter Stage 2 on 1 April 2012. Persons who met the eligibility criteria on the launch date (i.e. 28 August 2011) may register from 1 April 2012 to 31 December 2012 to receive payment of \$6,000 plus a bonus of \$200.

- Last week, we submitted an information paper to the Financial Affairs Panel of the Legislative Council, reporting the implementation progress and the preparation for the next stage of the Scheme.
- In short, we estimate that there are about 1.69 million eligible persons who have yet to register as at 1 April 2012. Having regard to the experience gained since implementation, we do NOT see the need for a similar batching arrangement in Stage 2. However, to facilitate the registration by those who are aged 65 or above, we will accord priority to processing registrations made by these elderly registrants during the first two weeks of April.
- Given that registration under the Scheme will last till 31 December 2012, eligible persons in other age groups who have yet to register do not need to rush into it. We hope that they will give the elderly people aged 65 or above the priority to register in the first two weeks of April.
- Starting from early March, we will stage a new round of publicity to inform the public of the registration arrangements and timetable for Stage 2.

Key Areas of Work in the Coming Year

4. As regards our work in the coming year, I would like to highlight the following key areas:
 - We will continue to carry out a number of government office building projects in the coming year. The construction project of the Trade and Industry Tower (TI Tower) in the Kai Tak Development Area has commenced. Upon completion of the TI Tower in 2014, the Trade and Industry Department Tower in Mong Kok will be vacated for commercial use. We are planning to construct a government office building at Hoi Ting Road, West Kowloon, and will seek to implement this project as soon as possible subject to the availability of resources. Also, we will help departments prepare their relocation programme and minimise leasing of private commercial buildings. We will relocate government departments from the core business districts where appropriate to increase the supply of Grade A offices for more effective use of land resources.

- Regarding the maintenance of over 8 000 government buildings and facilities in the territory, we will continue to step up and promote preventive maintenance work. We will also introduce green elements to our daily maintenance by incorporating green building features and green roof into existing buildings and facilities. Moreover, we have earmarked \$100 million in this financial year and approximately \$260 million in the next one for improving the existing barrier-free facilities in some 2 700 government buildings and facilities which are heavily used by the general public. The improvement works of barrier-free facilities in about 2 500 government buildings and facilities are expected for completion by the end of June this year and the remaining ones will be completed by the end of June 2014 as scheduled.

- On the premise of ensuring value for money, openness and fairness, our procurement exercise will continue to be in alignment with the green policy of the Government. Subject to market supply and resource availability, the Government Logistics Department will actively adopt the green specifications already developed in its procurement activities. Currently, there are 33 electric vehicles in the government fleet. Another 42 electric vehicles will be delivered to us in mid-2012. Depending on the availability of suitable models on the market and the operational needs of bureaux and departments, we plan to give priority to electric vehicles when procuring government vehicles in these two financial years. We expect to have an intake of close to 200 electric vehicles of various types in these two years for government departments.

- As regards the expansion of the Comprehensive Avoidance of Double Taxation Agreement (CDTA) network of Hong Kong, rapid progress was made in the past two years, during which we signed CDTAs with 18 major trading and investment partners. We will continue to actively negotiate with more partners on CDTA so as to enhance the competitiveness of Hong Kong as an international financial, investment and commercial hub.

5. Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

Financial Services and the Treasury Bureau
 March 2012

**Presentation by Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on Wednesday, 8 March 2012**

Chairman and Honourable Members,

In 2012-13, government recurrent spending on social welfare and women's interests will reach \$44 billion, accounting for 16.7% of the total recurrent government expenditure of the same year, second only to education and health. In comparison with the revised estimate for 2011-12, there is an increase of \$3.6 billion (i.e. about 9%). This reflects our commitment to supporting the disadvantaged. Providing support to the elderly, those with disabilities, children and families in need is our main focus in caring for people's livelihood this year as unveiled in the Budget Speech. Now, let me highlight how our Bureau will make use of the resources.

Strengthening elderly care services

2. In 2012-13, the Government's estimated expenditure on elderly care services in the social welfare policy area amounts to \$5.03 billion, representing an increase of 15% when compared with the revised estimate of last year. This reflects our commitment in this area. I will introduce the new initiatives to be implemented by the Government with additional resources allocated in 2012-13 as follows.

Community care services (CCS) for the elderly

3. The Government's policy objective in elderly care services is to encourage "ageing in place" which is also the wish of most elders. To this end, we will plan for a pilot scheme on CCS voucher for the elderly and increase the provision of CCS places.

Planning for a pilot scheme on CCS voucher for the elderly

4. We briefed the Panel on Welfare Services of the Legislative Council on the preliminary proposal of the pilot scheme on 13 February 2012. We intend to implement this four-year scheme in two phases starting from 2013-14. The Government will provide subsidy directly to eligible service users for them to choose the service they need. We aim to encourage

different types of service providers to join the market, thereby promoting the further development of CCS through this new funding mode of “money follows the person”.

5. In the first phase of the pilot scheme (i.e. the first two years), we shall start with a simpler scheme that both the service providers and users can get used to more easily. For example, we propose that all service users in the first phase should be elders with impairment at moderate level. Since they have similar care needs, we can set a single voucher value, i.e. \$5,000 per month per participant.

6. With the experience gained in the first phase, we will consider introducing more complex features to cater for elders' varied needs in the second phase of the scheme.

Increasing the provision of CCS places

7. The implementation of the pilot scheme for CCS voucher for the elderly will not affect the existing subsidised CCS provision. We will continue to increase conventional subsidised service places (including day care services and home care services) to cope with the demand. In the past five years (from 2007-08 to 2011-12), the Government had allocated additional funding to provide about 2 000 CCS places for the elderly (about 1 500 home care places and 500 day care places). In 2012-13, the Government will also increase funding of about \$36 million to provide an additional 500 home care and 185 day care places. The number of new home care places is larger than the number of frail elders currently waiting for such services (about 400).

Improving the physical setting and facilities of elderly centres

8. Apart from taking care of frail elders, we will also cater for the needs of other elders. In the coming year, the Government will allocate about \$900 million from the Lotteries Fund to improve the physical setting and facilities of up to 250 district elderly centres over the territory in phases over six years. These elderly centres may purchase new equipment and facilities, such as information technology facilities, health-related facilities, etc. to encourage elders to exercise more and pursue continuous learning, thereby promoting their physical and mental health.

9. To avoid causing huge inconvenience to the elders, the works will be suitably scheduled so that they will not be carried out concurrently at all the elderly centres in the same district.

Residential care services (RCS) for the elderly and Residential Care Supplement

10. The Government of the current term has continuously allocated resources to substantially increase the provision of subsidised residential care places, in particular nursing home places which cater for the needs of frail elders.

11. From 2011-12 to 2014-15, eight new contract residential care homes for the elderly (RCHEs) will commence operation. The Government has also earmarked sites in another nine development projects for the construction of new subsidised contract RCHEs. With the new funding in 2012-13 and other committed resources, over 2 600 new subsidised residential care places (about 1 250 nursing home places and about 1 400 care & attention places) will commence service from 2011-12 to 2014-15.

12. Apart from increasing the provision of RCS places, we also attach great importance to the quality of residential care places. In 2012-13, we will allocate about \$15 million to upgrade the quality of over 600 places from EA2 to EA1 level under the Enhanced Bought Place Scheme (EBPS), thereby encouraging elders to choose EBPS homes and enhancing the overall quality of RCHEs.

13. We will also introduce a Residential Care Supplement of \$265 per month for recipients of Comprehensive Social Security Assistance (CSSA) aged 60 or above who occupy non-subsidised residential care places, so as to ease their financial burden. Persons with disabilities and persons in ill-health, who are on CSSA and occupy non-subsidised residential care places, irrespective of age, will also be eligible. The Social Welfare Department (SWD) expects to effect payment for about 30 000 eligible recipients in the middle of this year after making necessary adjustments to its computer system.

Support to demented and infirm elders

14. To strengthen the support to demented elders, the Budget this year proposes to increase funding by \$137 million for providing the Dementia Supplement (DS) to subvented RCHEs, private RCHEs under EBPS and day care centres/units for the elderly (DEs/DCUs). In 2012-13, the DS provision will amount to over \$200 million, which is triple the amount in 2011-12 (i.e. \$71 million).

15. In 2012-13, each RCHE will be provided with DS at about \$40,000 per demented elder; and each DE/DCU at about \$24,000 per demented elder. The provision is expected to benefit about 5 000 elders.

16. The service units may use DS to engage additional staff (including occupational therapist, nurse, social worker, etc.) or purchase related professional service, in order to provide proper care services and training for demented elders.

17. Furthermore, the Government has been providing Infirmary Care Supplement (ICS) to subvented RCHEs and EBPS homes to support about 1 500 infirm elders. In the coming year, the ICS provision will be increased by a recurrent funding of \$17.5 million.

Public transport concessions for the elderly and persons with disabilities

18. In 2011-12 Policy Address, the Chief Executive proposed a public transport concessions scheme for the elderly and persons with disabilities (the Scheme) to enable all elderly people aged 65 or above and eligible persons with disabilities to travel on the general Mass Transit Railway lines, franchised buses and ferries anytime at a concessionary fare of \$2 a trip. The Scheme aims to encourage the elderly and eligible persons with disabilities to participate in more community activities, thereby enriching social capital and developing a spirit of care and inclusiveness. We estimate that about 980 000 elderly people and 130 000 eligible persons with disabilities will benefit from the Scheme. The Government has been pressing ahead with full steam various preparatory work. Our aim is to finalise all the arrangements for the Scheme and implementation details in the first half of this year, and to launch the Scheme as soon as possible in the second half of the year upon completion of the upgrading and testing of the Octopus systems of the public transport operators concerned.

Enhancing rehabilitation and support services for persons with disabilities and their carers

19. The rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. To this end, the Government has been allocating additional resources to strengthen the rehabilitation services. Taking into account the expenditure of the Labour and Welfare Bureau, SWD (excluding related expenditure under CSSA Scheme and Social Security Allowance (SSA) Scheme), Labour Department and Transport Department (Rehabus service) alone, the overall recurrent expenditure for

rehabilitation services has already increased from \$2.8 billion in 2007-08 to \$3.8 billion in 2011-12, representing an increase of 36%. In 2012-13, the relevant recurrent expenditure will further increase to \$4.0 billion, representing an increase of 43% when compared with 2007-08.

Increase the number of places of rehabilitation services

20. Pre-school services provide early training and support for children with disabilities (including autistic children) and their families. There are 6 230 places at present. In the Budget Speech, an additional allocation of \$4.4 million is proposed for providing 90 new places. Coupled with the allocation for recurrent expenditure already earmarked, a total of 607 additional places will come on stream in 2012-13.

21. Residential care services are also provided for persons with disabilities who cannot live independently and those who cannot be adequately cared for by their families/carers. There are 11 725 subvented residential care places in 2011-12. In 2012-13, additional funding of \$28.5 million will be allocated to provide 200 new places for residential care services. Coupled with the allocation for recurrent expenditure already earmarked, a total of 627 additional residential care places in 2012-13 will come on stream.

22. Moreover, the statutory licensing scheme for residential care homes for persons with disabilities (RCHDs) came into operation following the commencement of the Residential Care Homes (Persons with Disabilities) Ordinance and the Residential Care Homes (Persons with Disabilities) Regulation on 18 November 2011. As a complementary measure, SWD has, since October 2010, launched the Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities (BPS) which aims to encourage private RCHDs to upgrade their service standards, increase the supply of subsidised residential care places so as to shorten the service waiting time, and help the market develop more service options.

23. To strengthen the abilities of persons with disabilities in securing suitable employment, the Government strives to provide them with vocational training and employment support services. At present, there are a total of 16 734 places for day training and vocational rehabilitation services. Additional funding of about \$4.3 million will be allocated for providing 50 new places for day training and vocational rehabilitation services in 2012-13. Coupled with the allocation for recurrent expenditure already earmarked, a total of 461 places for day training and vocational rehabilitation services will come on stream in 2012-13.

Enhance employment support services for persons with disabilities

24. In 2001-02, SWD was provided with a one-off allocation of \$50 million to introduce the “Enhancing Employment of People with Disabilities through Small Enterprise Project” (3E's Project). Through granting seed money to non-governmental organisations (NGOs) for the setting up of small enterprises, the 3E's Project creates job opportunities for persons with disabilities. As at December 2011, 70 businesses had been set up under the 3E's Project, creating over 550 jobs specifically for persons with disabilities. In order to create more job opportunities for persons with disabilities, we have obtained the approval of the Legislative Council Finance Committee and will soon inject \$100 million into the 3E's Project. The Government will also enhance support for the small enterprises under the 3E's Project, for example, to extend the funding period from a maximum of two to three years.

25. Furthermore, starting from 2012-13, we will allocate an annual recurrent provision of \$8 million to provide subsidies to employers of persons with disabilities for procuring assistive devices and carrying out workplace modification works, thereby promoting the open employment of persons with disabilities and enabling persons with disabilities to work more efficiently and facilitating them to secure open employment. An employer will be provided with a maximum subsidy of \$20,000 for each employee with disabilities. We estimate that 400 employees with disabilities will benefit from this scheme.

26. Besides, through providing a mentorship award as financial incentive, we aim to encourage employers to render workplace guidance to employees with disabilities and help them adapt to new jobs. Each mentor will be offered a one-off award of \$500 as encouragement. We estimate that 2 700 employees with disabilities will benefit from this scheme.

Enhance community support services for persons with disabilities

27. In 2008, SWD set up the Transitional Care and Support Centre for Tetraplegic Patients, providing pilot residential, day training and residential respite care services for tetraplegic patients. As the services have proved to be effective, we will allocate an annual recurrent provision of about \$10.1 million starting from 2012-13 to regularise this service to provide continuous services for persons in need and help relieve the pressure of their carers. We estimate that the Centre can serve about 130 persons with disabilities each year.

Strengthen rehabus service

28. In tandem with the Government's on-going efforts to improve the accessibility of public transport for persons with disabilities, Rehabus provides point-to-point scheduled and dial-a-ride transport services for persons with disabilities who have difficulties in using public transport. The rebus fleet currently comprises 123 vehicles, running 79 scheduled routes, three feeder routes and the Dial-a-ride service. Having regard to service demand and to enhance service quality, the Government will provide additional funding of about \$9.9 million to increase the rebus fleet to 129 by acquiring six new buses, replace four old ones, and procure a new Telecom and Interactive Voice Response System in 2012-13. The Government will also allocate \$44.8 million to subsidise the recurrent expenditure of the rebus service. This allocation represents more than 80% of its operating cost.

Enhancing social rehabilitation services and medical social services for persons with mental health problems

29. The Government is mindful of the needs of persons with mental health problems and their families/carers, and keeps under regular review the operation and provision of community support services in response to changing demand.

30. In 2010, we have consolidated the existing resources of \$65 million, together with an additional provision of \$70 million, to revamp the existing mental health community support services and rolled out the district-based one-stop service delivery mode of the Integrated Community Centres for Mental Wellness (ICCMWs) across the territory. During the period from the commencement of service in various districts in 2010 to December 2011, ICCMWs had served about 16 400 ex-mentally ill persons and persons who are suspected to have mental health problems. The outcome is considered satisfactory. ICCMWs have also organised over 2 700 public education activities to enhance community understanding of mental health. In 2011-12 and 2012-13, we continue to allocate additional provisions of about \$39.4 million and \$8.5 million respectively to enhance the manpower of ICCMWs with a view to providing comprehensive and accessible services for more persons in need, and to dovetail with the Case Management Programme implemented by the Hospital Authority to provide suitable support for persons with severe mental illness living in the community. In other words, the total amount of resources allocated for ICCMWs will be over \$180 million in 2012-13.

Upgrading barrier-free facilities of Government premises

31. In response to the Formal Investigation Report on Accessibility in Publicly Accessible Premises released by the Equal Opportunities Commission in June 2010, the Government will accelerate the upgrading of the barrier-free facilities in existing Government and Housing Authority premises and facilities. We have already carried out a comprehensive retrofitting programme costing \$1.3 billion to upgrade the barrier-free facilities in about 3 700 existing Government premises and facilities and about 300 premises under the Housing Authority. Among them, around 3 300 premises and facilities will have retrofitting works completed by June 2012.

Social Security

32. The CSSA Scheme and the SSA Scheme form the mainstay of the social security system in Hong Kong. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2012-13 is about \$29.4 billion, which is 6.4% higher than the revised estimate last year, and represents 11.1% of the total recurrent government expenditure and 66.7% of the recurrent social welfare expenditure.

Providing an extra payment to recipients of CSSA, Old Age Allowance (OAA) and Disability Allowance (DA)

33. To help ease the pressure of the economic downturn on our community, the Financial Secretary proposes to provide an extra payment to CSSA recipients, equal to one month of the CSSA standard rate; and OAA and DA recipients, equal to one month of the allowances. This proposal will involve an additional expenditure of about \$2.1 billion. We estimate that about 1.1 million recipients, including about 440 000 CSSA recipients, 520 000 OAA recipients and 140 000 DA recipients, will benefit.

Enhancing support for children and families

Enhancing residential child care services

34. To support children who are not adequately cared for by their families and young people with behavioural or emotional problems, the Government has all along been subsidising NGOs to provide various kinds of residential child care services. In order to strengthen the support for needy families and children, we will further enhance the residential child care services and

provide 130 additional service places in phases. We will also raise the foster care allowance for foster families by more than 30%.

Enhancing integrated family services

35. Integrated Family Service Centre (IFSC) is the backbone of Hong Kong's family welfare services which provides a continuum of preventive, supportive and remedial family welfare services in a one-stop manner. To more effectively prevent and address family problems, we will, in addition to the IFSC established in Sham Shui Po last year, set up three other centres in districts with greater service demand, bringing the total number of such centres to 65.

36. The total annual expenditure of the above measures for enhancing the support for children and families is estimated to be about \$68 million.

Enhancing support for the youth

Set up additional youth outreaching teams

37. We have been addressing the multifarious and changing needs of youth through a holistic and integrated mode of service. To reach out to more youths at risk, we shall set up three more youth outreaching teams, one each in Tseung Kwan O, Ma On Shan and Tung Chung. With the additional teams, we can counsel them and refer them to other mainstream services. This will incur additional annual funding estimated at \$12 million.

Strengthening Our Social Capital

Inject \$200 million into the Community Investment and Inclusion Fund

38. The Community Investment and Inclusion Fund was set up in 2002 to promote social capital development through encouraging mutual support in the neighbourhood, community participation and cross-sectoral partnerships. Since its establishment, the Fund has subsidised 238 projects rolled out by more than 130 organisations involving over 560 000 participants. There have been notable achievements in capacity building, enhancement of interpersonal relationship and development of community networks. We propose to inject an additional \$200 million into the Fund to ensure that it can continue to perform its social function in furthering social capital development at the district level.

Women's Interests

39. The Government has been working closely with the Women's Commission (WoC) to promote women's well-being and interests through a three-pronged strategy, viz. the provision of an enabling environment, empowerment of women and public education. In 2012-13, we have earmarked \$28.5 million to promote women's interests and support the Commission's work, representing an increase of 16% (i.e. \$4 million) compared with the revised estimates of \$24.5 million last year. This includes the provision of recurrent funding for the implementation of the Capacity Building Mileage Programme to support women's learning needs and enhance their capacities. We will also assist WoC in launching the "Funding Scheme for Women's Development" to support women's groups to organise programmes that facilitate women's development.

40. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

Labour and Welfare Bureau
March 2012

**Presentation by Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on Wednesday, 8 March 2012**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2012-13 is estimated to be \$1,540 million, representing an increase of \$250 million (or 19%) over the revised estimate of \$1,290 million last year. It accounts for 0.6% of the total recurrent government expenditure. In 2012-13, we are committed to providing employment support and training to enhance employment and labour productivity. We will also continue to strive to promote harmonious labour relations, combat illegal employment and wage offences, safeguard employees' entitlements to statutory minimum wage (SMW), and protect employees' rights and benefits. In parallel, we will continue to improve occupational safety and health to ensure adequate protection of workers. We will also continue with our efforts in manpower development. I am going to highlight some key areas of our work.

Promoting Employment

2. All along, the HKSAR Government has been committed to promoting employment. We have proactively adopted a multi-pronged approach to facilitate employment of job seekers. There was a notable improvement in the local employment market in 2011. Employment surged to a record high while the unemployment rate remained at a low level throughout the year. The annual unemployment rate had declined by one percentage from 4.4% in 2010 to 3.4% in 2011. The Labour Department's (LD) recruitment service had also received a record high of 900 564 private sector vacancies in 2011, up 19.7% over the figure of 752 323 in 2010, and significantly up 52.8% over the figure of 589 564 in 2009.

3. As the uncertainty of the external environment may have adverse impact on the local economy and employment market, promoting the employment opportunities of the vulnerable groups remains as our primary concern. LD will continue to administer various specialised programmes to cater for job seekers in need of employment support. Financial incentives are offered to employers for providing the young people, the middle-aged and persons with disabilities with on-the-job training and employment opportunities. Over the years, these programmes have

effectively helped enhance the employability and employment prospects of the vulnerable groups.

4. To further enhance employment support to job seekers, a pioneer one-stop employment and training centre named as “Employment in One-stop” was set up in Tin Shui Wai in December last year with a view to streamlining, integrating and enhancing the existing employment, training, and retraining services provided by LD, the Social Welfare Department and the Employees Retraining Board (ERB). In addition to the facilities and services available at Job Centres, the “Employment in One-stop” provides enhanced services, including case management and employment support services rendered by registered social workers to job seekers with special employment difficulties, so as to help them find work most effectively.

Promoting Labour Relations

5. We are committed to maintaining and fostering harmonious labour relations, which underpin Hong Kong's social harmony and economic prosperity. In 2011, Hong Kong has continued to record economic growth albeit the increasing uncertainty in the external economic environment, and the labour relations scene was by and large stable. In 2011, LD handled a total of 18 172 labour disputes and claims, down 11% on 2010. The successful rate of conciliation was 71.7% in the year.

6. Despite a solid foundation of our economy, the local inflationary pressure coupled with the uncertain external environment will pose certain challenges to labour relations in Hong Kong. We will continue to closely monitor the labour relations scene and provide appropriate assistance to employers and employees in need.

7. To enhance public awareness on employment rights and benefits, we will promote the Employment Ordinance (EO) through production of publicity materials, organisation of talks and roving exhibitions etc. We will also make use of various channels, such as through the network of 18 Human Resources Managers Clubs in different trades and industries and nine industry-based Tripartite Committees, to continuously encourage employers to adopt good people management and family-friendly employment practices.

Promoting Paternity Leave

8. Building up a family-friendly working environment requires the concerted efforts of the community. LD has been actively encouraging

employers to adopt various family-friendly practices, including the provision of paternity leave, to facilitate employees fulfilling both their work and family responsibilities. These efforts are yielding results and there has been a steady upward trend in the number of local enterprises offering paternity leave in recent years. We would continue to intensify the messages being disseminated, and among others, have published a leaflet focusing on the benefits of paternity leave and providing practical guidelines for employers in January of this year.

9. On the other hand, as set out in the Policy Agenda of 2011-12, we are conducting a study on whether to legislate for territory-wide provision of paternity leave. As the implementation of statutory paternity leave may affect the operation of enterprises and increase business cost of employers, such decision has to strike a balance between the interest of employees and the affordability of employers. Besides, as the policy design of paternity leave involves the notion of family and marriage or, to certain extent, moral issues, that would likely cause the concerns of certain sectors in the community, in all considerations we need to be particularly prudent and thorough. The relevant policy has to take into account Hong Kong's actual circumstances and be built upon consensus reached amongst the community. When the study has come to some preliminary findings, we would consult the Labour Advisory Board, and then, basing on the result of the consultation, seek the views of the Panel on Manpower in the second quarter of this year.

Protecting Employee's Rights and Benefits

10. Since the implementation of the Minimum Wage Ordinance (MWO) on 1 May 2011, the state of law-compliance has been satisfactory. During May to December 2011, of the 24 000 workplace inspections conducted by labour inspectors, only 77 cases (0.32%) involving possible breaches of SMW were detected. Follow-up action on all such cases confirmed that most employees have received wages not less than SMW. LD will continue to launch targeted enforcement action at district and territory levels to ensure compliance. All complaints about breaches of MWO will be swiftly and thoroughly investigated.

11. We have spared no effort in combating wage offences and defaults of the Labour Tribunal or Minor Employment Claims Adjudication Board awards. Last year, we secured a total of 876 convictions against wage offences, a drop over that of 1 481 convictions in 2010 (down by 41%). At the same time, there were 161 summonses where company directors or responsible persons were convicted of wage offences, also representing a

decrease when compared with 476 summonses of such nature in 2010 (down by 66%). With the improved economic condition last year, and the stringent enforcement action of LD to clamp down on employers evading their wage liabilities, the above prosecution statistics shows that the situation of defaulting wages had been significantly improved. LD will not lower its guard and will continue to strengthen intelligence gathering and evidence collection and proactively conduct inspections to detect wage offences. If there is sufficient evidence, we will prosecute the employer and responsible persons involved for the wage defaults.

12. To safeguard the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2011, together with the Police and the Immigration Department, LD mounted 193 joint operations to raid establishments suspected to have employed illegal workers. The concerned departments will continue to work closely to exchange intelligence and take targeted action on combating illegal employment.

13. In 2011, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 16% as compared with that of 2010. The local economy is currently under the impact of uncertainties incurred by external factors. LD will continue to monitor the trend of business closures and assist affected employees with ex gratia payments through the PWIF. In July 2011, we have introduced a bill into the Legislative Council to extend the PWIF's coverage to include pay for untaken annual leave and untaken statutory holidays under EO. At present, the bill is under scrutiny by the Legislative Council. We look forward to its early passage so as to benefit the employees.

Statutory Minimum Wage

14. The implementation of SMW represents a significant breakthrough in protecting our grassroots workforce. Since its introduction, the mandatory wage floor has been functioning smoothly. Thanks to the buoyant economy, the latest seasonally adjusted unemployment rate (November 2011 – January 2012) fell by 0.4 percentage point to 3.2%, when compared with the pre-SMW situation (i.e. February – April 2011). Total employment surged to an all-time high of 3 634 800.

15. SMW has brought substantial improvement to the employment earnings of low-income workers. The latest figures in October – December 2011 showed that the average employment earnings of the lowest decile full-time employees registered a year-on-year hike of 14.1% (or an

increase of 8.4% net of inflation), which was much higher than the overall average increase of 6.3%. When the post-implementation wage distribution data for May to June 2011 become available this month, the Minimum Wage Commission will review the SMW rate by conducting comprehensive studies and analyses based on the wage distribution data and results of other surveys, taking fully into account the views of various stakeholders.

Work Incentive Transport Subsidy (WITS) Scheme

16. We have updated the household income and asset limits of the WITS Scheme with effect from this month (March) to keep pace with changes in Hong Kong's economic situation and the income levels of our target beneficiaries. We will, in accordance with our original timetable, carry out a mid-term review of the Scheme to take account of the operational experience in the first year and conduct a comprehensive review after three years of operation.

Enhancing Occupational Safety and Health

17. For the first three quarters of 2011, the number of occupational injuries in all workplaces stood at 30 256, down by 4.2% in the corresponding period in 2010. The injury rate per thousand employees dropped from 15.6 to 14.5, down by 7.0%. Nonetheless, in the corresponding period last year, the construction industry recorded 2 301 industrial accidents, up by 7.2%. 23 fatal cases in construction industry were recorded in 2011, while there were only nine in 2010. In anticipation of the growth in the number of construction projects in the years ahead and the associated challenges, LD will organise, in conjunction with the Occupational Safety and Health Council, a “Construction Safety Forum” on 12 March this year, providing an opportunity for stakeholders to exchange views on how to further enhance the occupational safety and health performance of the industry.

Manpower Development

18. The ERB and the Vocational Training Council (VTC) will continue to provide comprehensive and diversified training services to help the labour force enhance their employability and competitiveness, as well as acquire recognised qualifications.

19. The ERB plans to offer 130 000 training places in 2012-13, allocating additional resources for the provision of placement-tied courses for the

unemployed and people seeking employment. Adequate resources have also been reserved for providing an additional 30 000 training places. This will enable ERB to respond promptly to the demand from training bodies for increasing or redeploying the training places to meet contingencies, for instance, if there should be significant changes in the conditions of the economy and the labour market. ERB will also continue to provide tailor-made courses for people with special training needs, such as new arrivals, ethnic minorities and youths.

20. In addition, VTC will provide 188 000 training places in the 2012/13 academic year for those seeking to pursue vocational training. In 2012-13, LWB's related recurrent subvention to VTC will reach about \$180 million. On youth training, VTC has also launched in end-2011 a pilot traineeship scheme for the service industries, with the beauty care and hairdressing industries as the starting point, providing structured on-the-job training. The pilot scheme will offer about 1 000 training places annually.

21. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

Labour and Welfare Bureau
March 2012

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Wednesday, 9 March 2012**

Madam Chairman and Honourable Members,

The Food and Health Bureau is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life.

2. In the 2012-13 Estimates, about \$5.5 billion has been earmarked for recurrent expenditure in the policy portfolio of “Food Safety and Environmental Hygiene”, representing an increase of \$360 million (6.9%) over the previous year.

3. New resources available in the next financial year are mainly to provide –

- an additional \$160 million to the Food and Environmental Hygiene Department (FEHD) to cope with the financial impact arising from the implementation of Statutory Minimum Wage on outsourcing contracts;
- an additional \$7.4 million to strengthen food surveillance and radiological monitoring to ensure that imported foods are safe for consumption;
- an additional \$5.7 million to administer a one-off assistance package to trawler vessel owners, local deckhands and fish collector owners affected by the trawl ban and other related measures;
- an additional \$4.9 million to enhance animal management programmes including the strengthening of stray cattle/buffalo management and implementation of a Trap-Neuter-Return trial programme for stray dogs;

4. I will now proceed to outline the policy priorities and work progress.

Food Safety

5. The Food Safety Ordinance, which fully commenced on 1 February 2012, has introduced the food tracing mechanism, by establishing the registration scheme for food importers and food distributors and requiring food traders to maintain proper transaction records to enhance food traceability. At present, a total of over 7 300 food importers and food distributors have registered under the Ordinance. The Harmful Substances in Food (Amendment) Regulation 2011 also commenced on 1 March 2012 to prohibit the presence of harmful substances, including exogenous estrogens, in dried milk, condensed milk and reconstituted milk. We will continue to improve our food surveillance system and food safety standards. Over the past year, we have consulted the trade, the public as well as the LegCo Panel on Food Safety and Environmental Hygiene on the regulatory framework for pesticide residues in food and gained general support. The relevant regulation will be tabled at the LegCo for scrutiny within the current legislative session.

Review of Columbarium Policy

6. On increasing the supply of columbarium facilities, the Government has identified 24 potential sites in all 18 districts across the territory. Of these, the Diamond Hill Columbarium extension project will soon be completed while the Cheung Chau Cemetery extension project will commence in early 2013 and is expected to be completed in late 2013. The Government is forging ahead with the technical feasibility studies related to remaining sites and will consult relevant District Councils from the second quarter of 2012 onwards. Subject to the support of the Legislative Council and District Councils, it is estimated that together with the supply of the Chinese Permanent Cemeteries, the Government will be able to provide over 120 000 new niches in the coming five years (i.e. 2012-16), and the supply of new niches will cumulatively increase to hundreds of thousands in the medium and long term (i.e. 2017-31).

7. On enhancing regulation of private columbaria, the Administration is conducting a public consultation on the proposed licensing scheme for private columbaria till 30 March 2012. We will carefully analyse the views and comments received before finalising the legislative proposals.

8. Prior to the introduction of the licensing scheme, we will strengthen consumer education and continue our efforts in facilitating transformation of social custom by encouraging the public to use more environmentally friendly and sustainable means of handling remains.

Sustainable Fisheries Development

9. Last year was an important year for promotion of sustainable fisheries development. The legislation relating to the trawl ban in Hong Kong waters will take effect at the end of this year. The Interdepartmental Working Group for the trawl ban is also handling matters relating to the one-off assistance package and is expected to complete the vetting of the applications for ex-gratia allowances before the end of this year. The LegCo is also scrutinising the Fisheries Protection (Amendment) Bill introduced by the Government. The Bill aims to develop a registration system for local fishing vessels, prohibit fishing activities of non-local fishing vessels in Hong Kong waters and designate Fisheries Protection Areas. I am grateful to the Bills Committee for actively following up on the scrutiny of the Bill and hope the Bill can be passed soon.

10. Moreover, we are reviewing the mechanism, loan terms and eligibility of fisheries loans to enable the loans to better cope with fishermen's needs. A review of the ex-gratia allowances for mariculturists and fishermen affected by marine works is also underway. We will discuss the relevant matters with the LegCo Panel on Food Safety and Environmental Hygiene in due course.

Management of fixed pitch hawker areas

11. Fire has repeatedly broken out at fixed-pitch hawker areas. In order to minimise the fire risks posed by hawker stalls, the Government has launched a public consultation to gauge public views on our proposed measures to improve the management of hawker stalls. The consultation will last till 7 May 2012.

12. Fixed pitch hawking is part of the local culture. Moreover, the physical environment and the expectation of residents vary with individual districts. Hence, we will not implement a one-size-fits-all package of measures across the board in all hawker areas. Instead, we will take into account the surroundings and characteristics of individual hawker areas in the implementation of one or more improvement measures on a case-by-case basis. During the process, we will take into consideration the

views of all stakeholders, including stall hawkers, District Councils and the public.

Animal Welfare

13. Finally, I will outline the Government's new measures to promote animal welfare. These include the following –

- (1) the Agriculture, Fisheries and Conservation Department (AFCD), in conjunction with the Police, the FEHD and the Society for the Prevention of Cruelty to Animals (Hong Kong), set up a special working group last year to review the work on handling animal cruelty cases. The working group focuses on enhancing mutual support, developing guidelines for higher efficiency, and establishing a mechanism for relevant professional departments and Animal Welfare Organisations (AWOs) to provide expert advice, with a view to ensuring an all-round investigation of such cases;
- (2) starting from 2011-12, the AFCD has set aside an additional funding of \$1 million for application by the AWOs, so as to encourage them to organise more activities relating to animal welfare;
- (3) we are reviewing the legislation on regulation of the pet trade and will consult the LegCo Panel on Food Safety and Environmental Hygiene on the relevant proposal in the second quarter of 2012.

14. Madam Chairman, my colleagues and I are happy to answer questions from Members.

Food and Health Bureau
March 2012

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Wednesday, 9 March 2012**

Madam Chairman and Honorable Members,

In 2012-13, the amount of recurrent government expenditure allocated by the Government on health is \$44.7 billion, which represents an increase of more than \$3.1 billion or 7.5% over the revised estimate of 2011-12. During the current term of Government, there has been a cumulative increase of \$13 billion or more than 40% in recurrent government expenditure on health over the past five years, in line with the Chief Executive's pledge to increase the share of recurrent expenditure on health to 17% of the Government's total recurrent expenditure.

2. New resources available in the next financial year are mainly used to provide –

- (1) the Hospital Authority (HA) with additional recurrent funding of \$2.54 billion to meet new and increasing demands, and to further improve the healthcare services, including –
 - attraction and retention of healthcare professionals, and recruitment of an additional 400 registered nurses;
 - introduction of additional drugs of proven efficacy and cost-effectiveness into the HA Drug Formulary and expansion of use of drugs in the Formulary to make more drugs available at HA standard fees and charges;
 - opening of 11 additional neonatal intensive care beds and provision of 80 additional general beds in Tuen Mun Hospital, Pok Oi Hospital and Tseung Kwan O Hospital;
 - enhancement of renal services, including provision of haemodialysis and peritoneal dialysis services to some 120 additional patients and subsidisation of some 100 patients to receive haemodialysis services in qualified haemodialysis centres operated by the private sector; and

- extension of the community-based Case Management Programme for persons with severe mental illness to four more districts, and enhancement of inpatient care for psychiatric patients through the provision of multidisciplinary therapeutic care in a safe and recovery-focused ward environment;
- (2) an additional \$58 million to the Department of Health (DH) for scaling up smoking cessation services to cater for an additional of some 84 600 clients, including regularising and expanding the smoking prevention and cessation programmes commissioned to non-governmental organisations, provision of counselling through the Smoking Cessation Hotline and strengthening training and research on the management of tobacco dependence; and
 - (3) an additional \$32 million for expansion of the services and manpower of the Maternal and Child Health Centres in Fanling and Hung Hom to cope with the demand for maternal and child health services in recent years.

3. Here below I would like to highlight four specific topics, namely planning of public and private hospitals, drug subsidy, obstetric services and healthcare reform.

Public Hospital Development

4. We have made continuous efforts to deploy resources for expanding our public healthcare infrastructure, building new hospitals and improving existing hospital facilities. Projects currently underway include construction of the North Lantau Hospital, and improvement works for Tseung Kwan O Hospital, Yan Chai Hospital and the Caritas Medical Centre. We have also reserved funding for construction of the Tin Shui Wai Hospital and the Centre of Excellence in Paediatrics at Kai Tak which will serve the whole territory, expansion of the United Christian Hospital and redevelopment of Kwong Wah Hospital and Queen Mary Hospital etc. In the past few years, the Government has continued to provide HA with more than \$500 million each year for acquisition and upgrading of its medical equipment.

Private Hospital Development

5. Apart from continuous investment in public healthcare infrastructure, the Government has reserved four sites respectively at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau for development of private hospitals with a view to increasing the overall capacity of the healthcare system in Hong Kong and addressing the imbalance between public and private hospital services. To ensure that services offered by new hospitals meet the needs of the public, we will specify in the tender that future private hospitals will be subject to various development parameters covering the scope of services (such as the types of specialty) and the standard of services (such as the number of beds, hospital accreditation and pricing transparency). We are now formulating the land disposal arrangements for these sites, and plan to tender out the two sites at Wong Chuk Hang and Tai Po in this quarter.

Drug Subsidy

6. We have been rendering assistance to patients with financial difficulties through the Samaritan Fund by providing them with a subsidy to pay for the self-financed drugs and medical items they need. To make better use of the Fund, the eligibility criteria for drug subsidies will be relaxed by providing allowances in the calculation of the total value of disposable assets in the means test while the tiers of patients' contribution ratio for drug expenses will also be revised so that more people will benefit from the subsidy. The Financial Secretary also announced the capital injection of \$10 billion into the Fund to cater for its operation in the next ten years or so. The injection will also provide the HA with greater room to further increase the types of subsidised drugs in accordance with clinical protocols and scientific evidence, benefiting more people in need.

Demand for Obstetric Services in Hong Kong

7. The Government is very concerned about the surge of demand for obstetric services in Hong Kong by non-local women. Local pregnant women should be given the first and foremost priority for healthcare resources of both public and private hospitals. On this basis, to ensure that adequate obstetric and neonatal care services are available in Hong Kong to meet service demand, we have implemented an array of measures to limit the number of deliveries by non-local pregnant women with regard to the capacity of our healthcare system while deliveries by non-local pregnant women will be arranged in an orderly and planned manner.

8. Following the introduction of a quota of delivery by non-local women in Hong Kong in 2012 in the middle of last year, it is expected that there will be a drop of nearly 20% in the number of non-local women giving birth in Hong Kong this year as compared with that of last year. We will soon hold discussion with the public and private hospitals on the quota of delivery by non-local women in Hong Kong in 2013. Meanwhile, with the joint effort of the departments concerned, including the Immigration Department, DH and the Home Affairs Department, to strengthen interception at border control points and combat illegal operations of guesthouses, there are signs of a decline in the number of non-local pregnant women seeking emergency deliveries through Accident and Emergency departments.

9. We will continue to take vigorous measures to maintain the high professional standard of obstetric and neonatal care services. We will also deploy additional resources to meet the increasing demand for services of the maternal and child health centres (MCHCs). The expansion of the Fanling MCHC has been completed. The Hung Hom MCHC will also be relocated and expanded in 2013.

Healthcare Reform Initiatives

10. The recently-established Healthcare Planning and Development Office is taking forward a number of tasks arisen from the outcome of the Second Stage Public Consultation on Healthcare Reform. These include developing the detailed proposals for the Health Protection Scheme (HPS), examining their feasibility, and formulating a regulatory framework for HPS. As for the review on healthcare manpower planning, the Steering Committee on Strategic Review chaired by me will make recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development having regard to the findings of the strategic review on healthcare manpower planning and professional development, with a view to ensuring the healthy and sustainable development of Hong Kong's healthcare system. We expect to complete the tasks mentioned above and put up concrete recommendations in around mid 2013.

11. Madam Chairman, my colleagues and I are now happy to answer questions from Members.

Food and Health Bureau
March 2012

**Presentation by Secretary for Home Affairs
at the Special Meeting of the Finance Committee
on Wednesday, 9 March 2012**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of seven Heads of Expenditure. Our priority areas with additional resources provided in the new financial year are as follows:

Youth Development

2. The Administration places great importance on youth development. The HAB and Home Affairs Department (HAD) will continue to encourage youth groups and organisations to organise youth development activities through funding support in the coming year. The Commission on Youth will carry on with its work to enhance young people's sense of belonging to the society and increase their opportunities to participate in community affairs.

Hostels for Single Youths

3. The Chief Executive announced in his Policy Address 2011-12 that, the Administration would support non-governmental organisations (NGOs) in developing land granted to them by the Government to build hostels for single youths. We have been engaging interested NGOs actively to work out the details with a view to implementing the plan as soon as possible.

Expansion of the Supplementary Legal Aid Scheme

4. Legal aid service is an integral part of Hong Kong's legal system. The Administration is now working on the legislative amendments to put in place the proposals to expand the Supplementary Legal Aid Scheme (SLAS). We aim to submit the legislative proposals to the Legislative Council (LegCo) for consideration and approval within this month (March 2012). Subject to LegCo's approval, we will seek approval from the Finance Committee on the injection of \$100 million to the SLAS Fund by mid-2012.

Community Care Fund

5. In 2012-13, the HAB will continue to co-ordinate cross-bureaux efforts to support the Steering Committee on the Community Care Fund (CCF) in mapping out and implementing assistance programmes. Since the establishment of the CCF, the Steering Committee has launched 15 programmes which are expected to benefit more than several hundred thousand people at an estimated full-year expenditure of around \$950 million. In addition, since the application period for the programme to provide a one-off allowance for new arrivals commenced in October last year, over 170 000 applications have been received and allowance has been disbursed to over 130 000 eligible applicants.

6. Government departments and organisations entrusted to implement the programmes are evaluating those that have been rolled out, having regard to the implementation progress. We will take into account the outcome of evaluation and the advice of the Steering Committee and relevant sub-committees, and consider appropriate programmes to be incorporated into the Government's regular assistance. In parallel, the sub-committees, in the light of experience gained and views collected from the community, are examining the feasibility of other proposals.

Enhancing Social Harmony

7. Hong Kong is a multi-cultural international city. Local residents and visitors may have diverse cultural background. It is our common hope that all people can live together in harmony, with diversity and inclusiveness under the common values of mutual understanding and respect.

8. The HAB has been collaborating with the Committee on the Promotion of Civic Education to promote core civic values such as respect, responsibility, care and love, social harmony, courtesy, inclusiveness, etc. to members of the community through various programmes. It is hoped that mutual trust and love and a harmonious environment can be established, and citizens are encouraged to help each other and respect different opinions in order to enhance the overall civic and moral standard.

Building Management

9. Regarding building management, in 2011-12, we have obtained additional resources to create a supernumerary Administrative Officer Staff Grade C post and a Senior Administrative Officer post for handling the two important initiatives on introducing a licensing regime for the property

management industry and reviewing the Building Management Ordinance (BMO) with priority in the coming three years.

10. Regarding the regulation of the property management industry, the Government has established the Advisory Committee on the Regulation of the Property Management Industry comprising members from the industry, related professions and the community in December 2011 to assist us in working out the details of the licensing regime.

11. As regards the review of the BMO, the Review Committee on the Building Management Ordinance is conducting the review. We expect that the Review Committee will submit an interim report to the Government in the first half of 2012.

Measures to combat unlicensed guesthouses

12. In view of the public concern on the operation of illegal guesthouses for Mainland pregnant women, the Office of the Licensing Authority (OLA) of the HAD has stepped up its law enforcement action by conducting more blitz inspections and mounting more large-scale inter-departmental operations at accommodation black spots of tourists and Mainland pregnant women. The OLA will persistently strengthen its enforcement action including enhancing its intelligence network, mounting more decoy operations and conducting blitz enforcement inspections against suspected unlicensed premises for Mainland pregnant women.

13. For example in February this year, OLA has conducted five large scale blitz operations including inter-departmental joint operations together with the Police and the Immigration Department, which covered the Eastern, Yau Tsim Mong, Sham Shui Po, Shatin and Tsuen Wan districts, targeting at suspected unlicensed guesthouses for Mainland pregnant women. Acting on intelligence, OLA has conducted inspections and decoy operations to 153 premises. Up till now, criminal prosecutions have been instituted against three defendants and all of them have been convicted of contravening both the Hotel and Guesthouse Accommodation Ordinance and the Immigration Ordinance. Two defendants were sentenced to imprisonment for six weeks and two months respectively for each of the charges. One defendant was fined \$13,000 and sentenced to imprisonment for 10 weeks.

14. As a standard practice, OLA will now pass on information of the convicted cases including the names of the convicted persons, locations of the premises, etc. to relevant parties both within and outside Government for follow-up action under their respective purview. The OLA will also pass

the conviction records of any property agent or insurance agent to the Estate Agents Authority or the Office of the Commissioner of Insurance for follow-up action.

District Minor Works

15. The District Minor Works (DMW) Programme is a key measure in the implementation of the District Administration by the Government. In the past District Council (DC) term, more than 2 600 projects were completed. The Programme has not only improved the local environment and upgraded district facilities, it has also provided job opportunities.

16. The Government will progressively increase the annual provision for the Programme to \$400 million over the current and next DC terms so that DCs can make continued improvement to district facilities and environment and to cover expenses for maintenance, repair and management of the completed facilities. In 2012-13, the resources set aside by the Government for the capital works of the DMW Programme will be increased from \$300 million in the last DC term to \$320 million. In consultation with DCs, we would work out on how to enhance the effectiveness of the DMW Programme to ensure the proper use of the funding for the ultimate purpose of improving district facilities and environment.

West Kowloon Cultural District

17. The West Kowloon Cultural District (WKCD) development has reached a new milestone. The West Kowloon Cultural District Authority (the Authority) submitted the Development Plan to the Town Planning Board for consideration in late December last year, with a view to completing the statutory planning and environmental impact assessment processes around the end of this year. The Authority will launch design competitions for a number of signature facilities in the WKCD, so that construction works can commence as soon as possible upon the completion of the required statutory processes. To support the development of the first phase of arts and cultural facilities in the WKCD, subject to funding approval of the Finance Committee, the Government tentatively plans to commence the design and site investigation works for the Phase I public infrastructure works in the second half of 2012. In addition, the Authority will continue to launch and support various arts and cultural programmes and activities to promote the WKCD, groom talents, support arts education and build audiences.

Strengthening cultural software

18. In 2012-13, the Government's expenditure on arts and culture will exceed \$3 billion. The HAB will increase funding support for the nine major performing arts groups in 2012-13 by \$40 million to over \$300 million in total for the groups to continue stepping up their efforts in developing quality programmes, strengthening audience building, cultivating more artistic and arts administrative talents as well as conducting more active cultural exchange activities.

19. As regards support to small and medium arts groups, the Leisure and Cultural Services Department (LCSD) has been providing performing opportunities for them to develop their artistic creation and for capacity building through year-round cultural programmes, thematic arts festivals, venue partnership scheme, audience building and arts education activities, as well as community arts programmes. In 2012-13, the provision for this purpose is estimated at around \$102.8 million, churning out approximately 4 300 performances and activities.

20. Furthermore, the Government is committed to supporting the development of small-to-medium sized arts groups through the Hong Kong Arts Development Council (HKADC), cultivating promising arts practitioners and groups, opening up creative space, promoting arts and encouraging social participation, and providing grants to small-to-medium sized arts groups.

21. The HAB also makes use of the Arts and Sport Development Fund (ASDF) (Arts Portion) to further support the development of small and medium sized arts groups. Apart from providing support to these groups through the HKADC, we implemented the new "Arts Capacity Development Funding Scheme" in June 2011 to provide subsidy for potential arts groups and arts practitioners, and activities of a larger scale and longer term, so as to enhance the groups' capability.

22. To strengthen the cultivation of local talent in performing arts, we will increase funding for the Hong Kong Academy for Performing Arts (HKAPA) to support its implementation of four-year undergraduate programmes starting from the 2012/13 school year. HKAPA will be receiving an additional recurrent subvention of about \$35 million. HKAPA also plans to commence the campus expansion project in 2012-13 at an estimated cost of around \$394 million.

Enhancing cultural exchange with the Mainland, Taiwan and overseas

23. We have been putting in a lot of efforts to promote cultural exchange with the Mainland, Taiwan and overseas countries. We will host the 13th Greater Pearl River Delta Cultural Co-operation Meeting in Hong Kong this year, and will implement a series of cooperation initiatives with Guangdong and Macao. We will also launch cultural exchanges with a number of provinces and municipalities on the Mainland. Besides, the Hong Kong - Taiwan Cultural Co-operation Committee is planning to organise a “Hong Kong Week” in Taipei within this year, so as to showcase the arts and culture of Hong Kong to the Taiwanese. As regards cultural exchange with overseas countries, we have put in place respective cultural cooperation frameworks with a number of them, the latest one being the signing of Memorandum of Understanding on Cultural Cooperation with Russia in September 2011. We have also been collaborating with cultural organisations and institutions around the world in staging various cultural exchange activities such as inviting troupes from different countries to participate in the annual International Arts Carnival and various thematic arts festivals.

Promotion of Sports Development

24. In the coming year, we will continue to allocate resources to promote sports development on various fronts.

25. On support for athletes, the \$7 billion Elite Athletes Development Fund (EADF) approved by the Finance Committee of LegCo in July last year is now in operation. The annual investment return of the EADF will replace the previous mode of recurrent subvention to the Hong Kong Sports Institute. This will support the full development of the Institute and help ensure it has sustained resources to provide comprehensive support on training and competitions, as well as education and career arrangements for more elite athletes.

26. We will continue to make use of the investment return from the ASDF to support other sports, including increasing funding support for athletes' preparation for and participation in major international games. We have allocated \$20 million from the ASDF to help Hong Kong athletes to prepare for the London 2012 Olympic and Paralympic Games.

27. To promote “Sport for All”, the LCSD has allocated more than \$600 million for organising community recreation and sports programmes in the past five years. Through the School Sports Programme, the LCSD has also

encouraged students from over 90% of primary, secondary and special schools to participate in sports on a regular basis. We will sustain our efforts in implementing these initiatives in the future. Meanwhile, the LCSD is now working on the proposal to introduce a monthly ticket scheme for public swimming pools, which is expected to be implemented during the 2012 swimming season. This year, we will also start making preparations for the 4th Hong Kong Games to be held in 2013.

28. “National sports associations” (NSAs) play an important role in promoting individual sports. This year, the LCSD provides a recurrent subvention of about \$250 million to NSAs which includes resources for feeder programmes to help NSAs identify potential athletes for further training.

29. We are making use of the ASDF to support the implementation of the long-term development plan for local football by the Hong Kong Football Association (HKFA). More funding has also been allocated to district-based football teams participating in HKFA League matches of various divisions. The additional funding for supporting football development may reach about \$25 million in each of the next three years.

30. Hong Kong has played host to a number of major international sports events in each of the past few years. HAB has assisted NSAs in staging these events through the “M” Mark System. By increasing funding support and enhancing the Scheme, we seek to strengthen support for existing events and to attract new events to Hong Kong. Up to end February 2012, we have awarded the “M” Mark status to 56 major sports events and provided over \$48.03 million in funding support. At present, Hong Kong stages an average of eight to ten “M” Mark events every year, which attract the participation of about 300 000 athletes and spectators.

31. Regarding sports facilities, from 2007 to the end of February 2012, we had completed new facilities and upgraded existing facilities at a cost of over \$6.7 billion. Various projects are currently underway in a number of districts, including the redevelopment of Kwun Tong Swimming Pool and Victoria Park Swimming Pool Complex. New facilities under construction include a town park and an indoor velodrome-cum-sports centre in Area 45, Tseung Kwan O; a public library and indoor recreation centre in Area 3, Yuen Long; and a swimming pool complex in Area 1, Tuen Mun.

Community Facilities

32. In 2012, the Government intends to seek LegCo funding support of more than \$1.3 billion for the construction of a sports centre and community hall cum public library in Area 14B, Sha Tin, and an 11-a-side artificial turf football pitch or 15-a-side rugby pitch in Area 117, Tin Shui Wai. Moreover, we will continue to make preparation for the development of a Sports Complex at Kai Tak. We have commissioned a consultancy study to identify the preferred procurement strategy and financing option for the project, which will include facilities such as a multi-purpose stadium, a secondary stadium and an indoor sports arena.

33. This concludes my presentation. My colleagues and I will be glad to answer questions from Members. Thank you.

Home Affairs Bureau
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